



**PGIM**  
India Mutual Fund

Gain from experience

# PGIM INDIA SMALL CAP FUND

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

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January 2024

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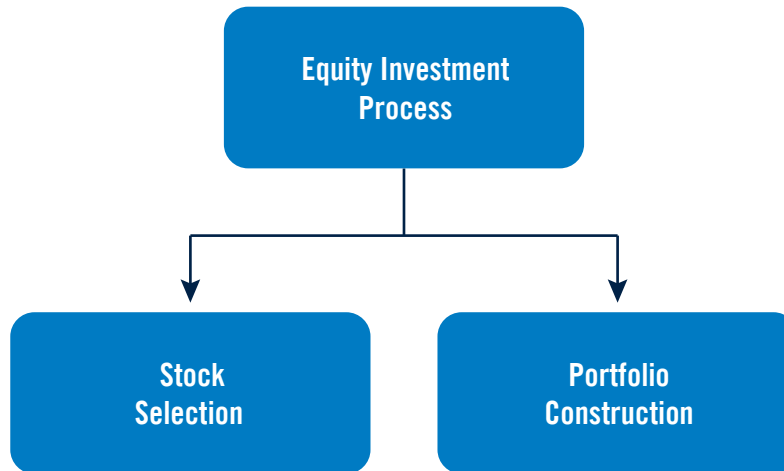
**3** Why PGIM India Small Cap Fund?

# **PGIM India – Equity Investment Process**

# PGIM India – Equity Investment Process

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Our investment process is based on the following pillars:



## Stock selection: Criteria to build fund house universe

- The starting point for our fund house universe will be all companies with market cap greater than Rs.1,000 crores (including any IPOs)
- As of Dec-2022, there are 1037 companies with market capitalization greater than Rs 1000 crores\*
- We then look at the following 3 parameters to further filter the universe:



### Quality

- Higher than peer average RoE
- Sustainable RoE



### Growth

- Higher than peer group growth in earnings
- Sustainable earnings growth

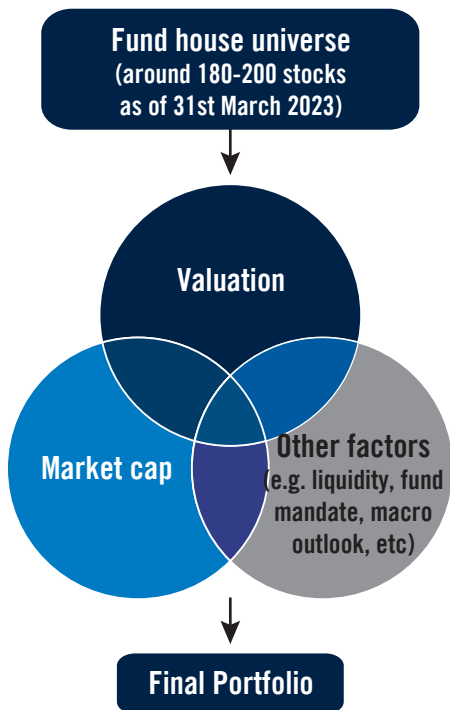


### Management

- Good quality management
- Good capital allocation track record
- Operating cash flow positive in 7 out of 10 years (ex financials) (In companies with less than 10 years of data available, at least 70% of the years should have generated positive operating cash flows)

\*Source: AMFI

# Portfolio Construction: Designing an optimal portfolio

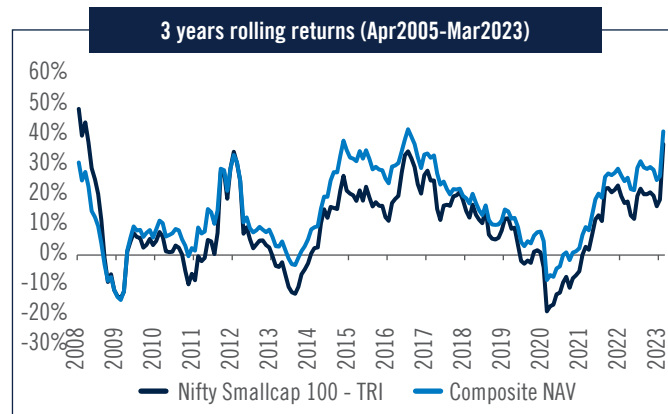
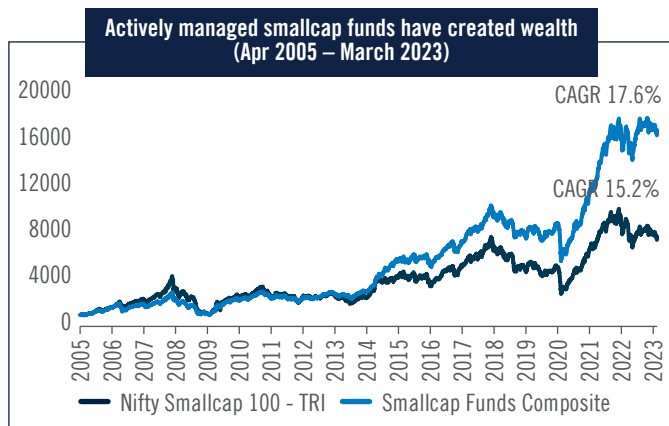


## Portfolio construction principles

-  **Diversification**
-  **High Active Share**
-  **Lower portfolio turnover**
-  **True to mandate**

# Why Small Caps?

# Smallcaps: Potential to create wealth and generate alpha



- Actively managed funds within the smallcap space have delivered alpha in the past
- Due to the under-researched nature of the smallcap segment, opportunity for stock picking continues to exist

Source: AceMF, PGIM India. Smallcap Funds Composite is an equal weighted index of regular plans of all smallcap funds in the industry with an Aum of atleast 500 crores as of March 2023.

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.



# Smallcaps: Potential to create wealth and generate alpha

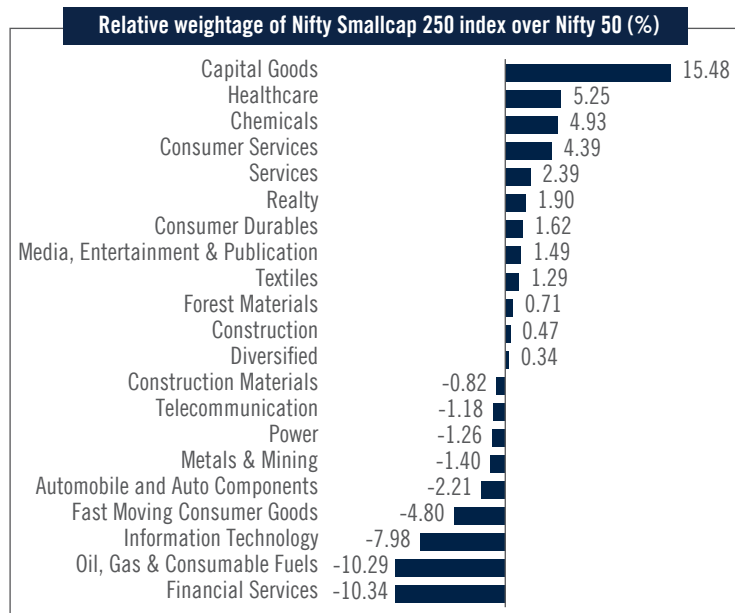
	Nifty Smallcap 250 TRI	Smallcap Funds Composite
No. of observations	180	180
No. of observations having negative return	38	18
% observation for negative return	21%	10%
Minimum return	-16.10%	-14.90%
Maximum return	42.80%	41.90%
Average return	11.70%	15.30%

- Historically, actively managed funds have also been able to contain downside in tough times, compared to the smallcap index

Source: AceMF, PGIM India. Smallcap Funds Composite is an equal weighted index of regular plans of all smallcap funds in the industry with an Aum of atleast 500 crores as of March 2023.

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

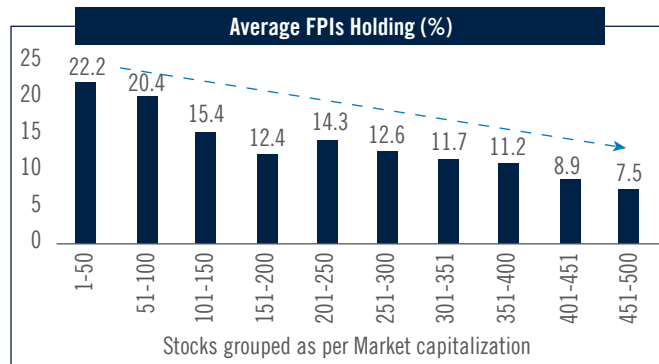
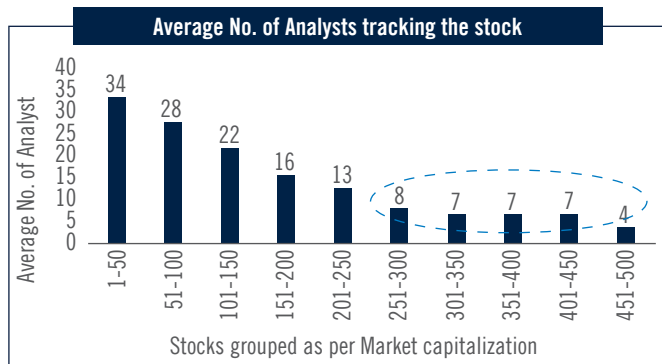
# Smallcaps: Can take meaningful exposure to sectors where largecaps have less presence



- Within the smallcap segment there are many sectors where larger companies don't have a significant presence
- This provides a style diversification opportunity to investors
- Examples of such industries could be metals & mining, construction & construction materials
- Smallcaps may provide some unique opportunities such as companies with:
  - Potential to gain market share from established players
  - Ability to scale rapidly
  - Niche business / emerging business

Source: Niftyindices. Data as of 31 January 2024. Stocks mentioned are for illustration purpose only and not meant as a recommendation to buy or sell the security. The Scheme may or may not invest in these stocks. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

# Smallcaps: Under-researched and Under-owned

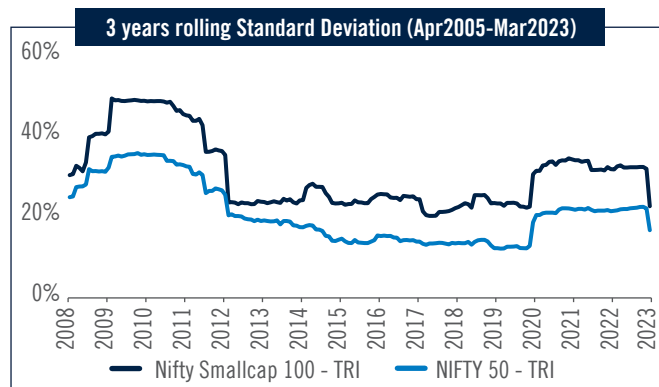
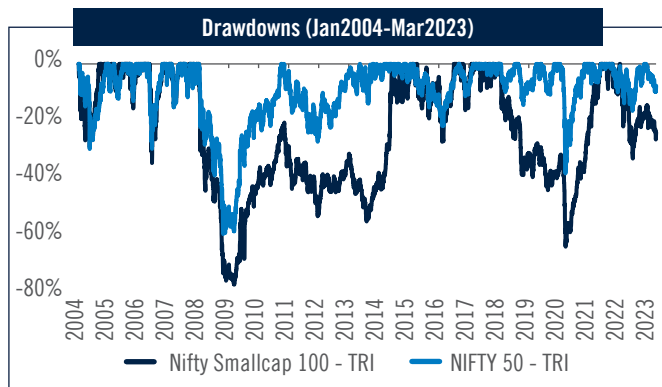


(The ownership data also includes any ADR/GDR)

- Proprietary research becomes important as one goes down the capitalization curve, as number of analyst tracking smallcap is relatively less
- PGIM India has a proven track record in identifying bottom-up stock ideas, with an experienced research team
- Foreign institutional ownership reduces beyond top 100 stocks
- As companies grow their revenue and profitability in the long run, the interest from institutional investor tends to rise, leading to potential re-ratin

Source: Bloomberg, Data as on 5-May-2021.

## Historically smallcaps have been more volatile. Thus, investor's risk appetite should be aligned



- During periods of contraction, smallcaps in general witness a greater drawdown compared to largecaps
- However, smallcaps are also quick to recover as and when the economy revives
- Smallcaps are more volatile compared to their largecap counterparts
- Investors should have an appropriate risk appetite before investing in this segment

Source: AceME Data as on 31-March-2023

**Why PGIM India Small Cap Fund?**

## PGIM India Small Cap Fund - Characteristics

<b>ASSET ALLOCATION</b>	<b>INVESTMENT APPROACH</b>
Minimum 65% allocation to smallcap stocks Smallcaps defined as stocks beyond top 250 as ranked by marketcap*	Quality and Growth focused Focus on ROE, Growth, FCF and leverage ratios
<b>PORTFOLIO CONSTRUCT</b>	<b>ASSET ALLOCATION</b>
Marketcap allocation range for smallcaps – Below Rs16474 crs. (current marketcap of 251st stock. Source: AMFI)	Upto 35% of the portfolio can be allocated across Large, Mid and Smallcap, debt and money market instruments

\*List published by AMFI on a half yearly basis. For more details on Asset allocation, investment strategy, please refer scheme information Document

# Investment Approach

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- Stock price over the medium to long term, track the fundamentals of the company
- Companies which are backed by good management and demonstrate the ability to scale are generally rewarded by investors
- Investors generally are willing to pay a higher multiple for higher expected growth in the future, leading to re-rating of the stock

**Earnings Growth**

**+**

**Patience**

**=**

**Potential to make  
significant profits**

## Annexure: Who should invest in PGIM India Small Cap Fund?

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- Investors with an investment horizon of atleast 5 years or more
- Investor looking to complement their existing core equity portfolio, with a potential to earn higher risk adjusted return
- Investors having a commensurate risk appetite associated with smallcap segment



# Fund Performance

	Fund		Nifty Smallcap 250 - TRI <sup>^</sup>		Nifty 50 TRI #	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>PGIM India Small Cap Fund-Reg(G)</b>						
Last 1 Year	26.17	12,617	63.75	16,375	24.35	12,435
Since Inception	12.70	13,500	23.38	16,942	14.83	14,147
<b>PGIM India Small Cap Fund(G)-Direct Plan</b>						
Last 1 Year	28.13	12,813	63.75	16,375	24.35	12,435
Since Inception	14.74	14,120	23.38	16,942	14.83	14,147

Date of Inception: Regular Plan: July 29, 2021; Direct Plan: July 29, 2021. CAGR – Compounded Annual Growth Rate

<sup>^</sup> Scheme Benchmark. # Standard Benchmark. \*Based on standard investment of Rs.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.

Vinay Paharia (Equity Portion) is managing this fund from April 01, 2023. Anandha Padmanabhan Anjeneyan (Equity Portion) is managing this fund from April 01, 2023. Harsh Kothari (Equity Portion) is managing this fund from October 12, 2023. Ojasvi Khicha (Overseas Investment) is managing this fund from April 01, 2023. Puneet Pal (Debt Portion) is managing this fund from April 01, 2023.

For performance of schemes managed by Vinay Paharia, Anandha Padmanabhan Anjeneyan, Ojasvi Khicha and Puneet Pal refer to the next slides.

The above returns are as on January 31, 2024

## Performance of other schemes managed by Vinay Paharia

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
<b>Top 3 Schemes Performance (%)</b>				
PGIM India Midcap Opportunities Fund*	24.12	24.13	25.39	April 01, 2023
NIFTY Midcap 150 TRI^	55.19	32.42	25.29	
PGIM India Flexi Cap Fund*	22.42	17.33	19.51	April 01, 2023
NIFTY 500 TRI^	33.81	21.79	18.34	
PGIM India Large Cap Fund*	20.53	13.83	13.26	April 01, 2023
NIFTY 100 TRI^	26.56	18.36	16.23	
<b>Bottom 3 Schemes Performance (%)</b>				
PGIM India Equity Savings Fund*	8.75	8.29	7.81	April 01, 2023
NIFTY Equity Savings Index^	13.69	10.06	10.03	
PGIM India Balanced Advantage Fund*	15.59	–	–	April 01, 2023
CRISIL Hybrid 50+50 Moderate Index^	18.92	–	–	
PGIM India Hybrid Equity Fund*	17.83	12.00	10.85	April 01, 2023
CRISIL Hybrid 35+65 - Aggressive Index^	22.40	15.03	14.63	

^ Scheme Benchmark. All the above returns are in CAGR. CAGR – Compounded Annual Growth Rate. The performance provided is for Regular Plan - Growth Option. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. 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. Vinay Paharia is managing 8 schemes of PGIM India Mutual Fund. \*PGIM India Midcap Opportunities Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity Portion) and Puneet Pal (Debt Portion). \*PGIM India Flexi Cap Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity Portion), Ojasvi Khicha (Overseas Investment) and Puneet Pal (Debt Portion). \*PGIM India Large Cap Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity Portion) and Bhupesh Kalyani (Debt Portion). \*PGIM India Equity Savings Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity Portion), Hitash Dang (Equity Portion) and Puneet Pal (Debt Portion). \*PGIM India Hybrid Equity Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity), Ojasvi Khicha (Overseas Investment) and Puneet Pal (Debt). \*PGIM India Balanced Advantage Fund is co-managed by Anandha Padmanabhan Anjneyan (Equity), Hitash Dang (Equity), Ojasvi Khicha (Overseas) and Bhupesh Kalyani (Debt). Please refer to [www.pgimindiaf.com](http://www.pgimindiaf.com) for details on performance of all schemes including direct plans. Performance as on January 31, 2024.

## Performance of another scheme managed by Anandha Padmanabhan Anjeneyan

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
<b>Top 3 Schemes Performance (%)</b>				
PGIM India Midcap Opportunities Fund*	24.12	24.13	25.39	August 19, 2023
NIFTY Midcap 150 TRI <sup>^</sup>	55.19	32.42	25.29	
PGIM India Flexi Cap Fund*	22.42	17.33	19.51	June 01, 2021
NIFTY 500 TRI <sup>^</sup>	33.81	21.79	18.34	
PGIM India Large Cap Fund*	20.53	13.83	13.26	August 19, 2023
NIFTY 100 TRI <sup>^</sup>	26.56	18.36	16.23	
<b>Bottom 3 Schemes Performance (%)</b>				
PGIM India Equity Savings Fund*	8.75	8.29	7.81	May 12, 2022
NIFTY Equity Savings Index <sup>^</sup>	13.69	10.06	10.03	
PGIM India Balanced Advantage Fund*	15.59	–	–	April 01, 2023
CRISIL Hybrid 50+50 Moderate Index <sup>^</sup>	18.92	–	–	
PGIM India Hybrid Equity Fund*	17.83	12.00	10.85	August 19, 2023
CRISIL Hybrid 35+65 - Aggressive Index <sup>^</sup>	22.40	15.03	14.63	

<sup>^</sup> Scheme Benchmark. All the above returns are in CAGR. CAGR – Compounded Annual Growth Rate. The performance provided is for Regular Plan - Growth Option. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. 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. Anandha Padmanabhan Anjeneyan is managing 8 schemes of PGIM India Mutual Fund. \*PGIM India Midcap Opportunities Fund is co-managed by Vinay Paharia (Equity Portion) and Puneet Pal (Debt Portion). \*PGIM India Flexi Cap Fund is co-managed by Vinay Paharia (Equity Portion), Ojasvi Khicha (Overseas Investment) and Puneet Pal (Debt Portion). \*PGIM India Large Cap Fund is co-managed by Vinay Paharia (Equity Portion) and Bhupesh Kalyani (Debt Portion). \*PGIM India Equity Savings Fund is co-managed by Vinay Paharia (Equity Portion), Hitash Dang (Equity Portion) and Puneet Pal (Debt Portion). \*PGIM India Hybrid Equity Fund is co-managed by Vinay Paharia (Equity), Ojasvi Khicha (Overseas Investment) and Puneet Pal (Debt). \*PGIM India Balanced Advantage Fund is co-managed by Vinay Paharia (Equity), Hitash Dang (Equity), Ojasvi Khicha (Overseas) and Bhupesh Kalyani (Debt). Please refer to [www.pgimindia.com](http://www.pgimindia.com) for details on performance of all schemes including direct plans. Performance as on January 31, 2024.

## Performance of other schemes managed by Ojasvi Khicha

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
<b>Top 3 Schemes Performance (%)</b>				
PGIM India Global Equity Opportunities Fund	34.42	1.26	15.95	April 01, 2023
MSCI All Country World Index <sup>^</sup>	16.44	10.79	13.66	
PGIM India Flexi Cap Fund*	22.42	17.33	19.51	April 01, 2023
NIFTY 500 TRI <sup>^</sup>	33.81	21.79	18.34	
PGIM India Hybrid Equity Fund*	17.83	12.00	10.85	April 01, 2023
CRISIL Hybrid 35+65 - Aggressive Index <sup>^</sup>	22.40	15.03	14.63	
<b>Bottom 3 Schemes Performance (%)</b>				
PGIM India Global Select Real Estate Securities Fund Of Fund	-0.11	–	–	April 01, 2023
FTSE EPRA / NAREIT Developed Index <sup>^</sup>	-1.05	–	–	
PGIM India Emerging Markets Equity Fund	5.41	-12.54	-0.65	April 01, 2023
MSCI Emerging Market Index TRI <sup>^</sup>	-1.46	-3.40	4.21	
PGIM India Balanced Advantage Fund*	15.59	–	–	April 01, 2023
CRISIL Hybrid 50+50 Moderate Index <sup>^</sup>	18.92	–	–	

<sup>^</sup> Scheme 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 for Regular Plan Growth Option. Above returns are in CAGR – Compounded Annual Growth Rate. Different plans have a different expense structure Mr. Ojasvi Khicha (Dedicated Overseas Fund Manager) is managing 7 schemes of PGIM India Mutual Fund. On account of difference in scheme features, the performance of these schemes are not strictly comparable.

\*PGIM India Hybrid Equity Fund is co-managed by Anandha Padmanabhan Anjeneyan (Equity portion), Vinay Paharia (Equity Portion) and Puneet Pal (Debt portion). \*PGIM India Flexi Cap Fund is co-managed by Vinay Paharia (Equity Portion), Anandha Padmanabhan Anjeneyan (Equity Portion) and Puneet Pal (Debt Portion). \*PGIM India Balanced Advantage Fund is co-managed by Vinay Paharia (Equity Portion), Anandha Padmanabhan Anjeneyan (Equity Portion), Harsh Kothari (Equity Portion) and Puneet Pal (Debt Portion). Please refer [www.pgimindiamf.com](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan). Performance as on January 31, 2024.

## Performance of other schemes managed by Puneet Pal

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
<b>Top 3 Schemes Performance (%)</b>				
PGIM India Midcap Opportunities Fund*	24.12	24.13	25.39	July 16, 2022
NIFTY Midcap 150 TRI^	55.19	32.42	25.29	
PGIM India Flexi Cap Fund*	22.42	17.33	19.51	July 16, 2022
NIFTY 500 TRI^	33.81	21.79	18.34	
PGIM India Hybrid Equity Fund*	17.83	12.00	10.85	April 01, 2023
CRISIL Hybrid 35+65 - Aggressive Index^	22.40	15.03	14.63	
<b>Bottom 3 Schemes Performance (%)</b>				
PGIM India Corporate Bond Fund*	6.56	4.75	6.41	December 13, 2017
CRISIL Corporate Bond B-III Index^	7.28	5.65	7.08	
PGIM India Ultra Short Duration Fund*	6.60	4.82	6.64	December 13, 2017
CRISIL Ultra Short Duration Debt B-I Index^	7.69	5.83	6.19	
PGIM India Overnight Fund*	6.64	4.90	–	July 16, 2022
CRISIL Dynamic Bond A-III Index^	6.81	5.03	–	

^ Scheme 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 mentioned earlier are for Regular Plan - Growth Option. Above returns are in CAGR – Compounded Annual Growth Rate. Different plans have a different expense structure.

Mr. Puneet Pal is managing 15 schemes of PGIM India Mutual Fund. \*PGIM India Midcap Opportunities Fund is co-managed by Anandha Padmanabhan Anjeneyan (Equity), Vinay Paharia (Equity), Utsav Mehta (Equity). \*PGIM India Ultra Short Duration Fund is co-managed by Mr. Bhupesh Kalyani (Debt). \*PGIM India Hybrid Equity Fund is co-managed by Vinay Paharia (Equity), Anandha Padmanabhan Anjeneyan (Equity) and Ojasvi Khicha (Overseas Investments). \*PGIM India Flexi Cap Fund is co-managed by Vinay Paharia (Equity), Anandha Padmanabhan Anjeneyan (Equity) and Ojasvi Khicha (Overseas). \*PGIM India Corporate Bond Fund is co-managed by Vinay Paharia (Equity), Anandha Padmanabhan Anjeneyan (Equity), Hitash Dang (Equity) and Ojasvi Khicha (Overseas). \*PGIM India Overnight Fund is co-managed by Bhupesh Kalyani (Debt). Returns for the benchmark have been calculated using TRI values. Top three and bottom three schemes managed by the fund manager have been derived on the basis of last one year performance ending on January 31, 2024. Performance as on January 31, 2024.

# PGIM India Small Cap Fund – Fund Facts

Scheme Name	PGIM India Small Cap Fund
<b>Type of scheme</b>	An open-ended equity scheme predominantly investing in small cap stocks
<b>Investment objective</b>	To achieve long term capital appreciation by predominantly investing in equity and equity related instruments of small cap companies. However, there can be no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/ indicate any returns.
<b>Plan / Options</b>	IDCW** (Payout of Income Distribution cum Capital Withdrawal option / Reinvestment of Income Distribution cum Capital Withdrawal option) and Growth.
<b>Exit Load</b>	For Exits within 90 days from date of allotment of units : 0.50%. For Exits beyond 90 days from date of allotment of units : NIL
<b>Fund Manager</b>	Mr. Vinay Paharia (Equity Portion), Mr. Anandha Padmanabhan Anjeneyan (Equity Portion), Harsh Kothari (Equity Portion), Mr. Ojasvi Khicha (Overseas Investment), Mr. Puneet Pal (Debt Portion)
<b>Benchmark Index</b>	NIFTY Smallcap 250 TRI

\*\*Income Distribution cum Capital Withdrawal option

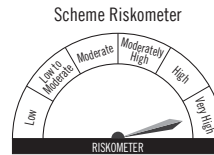
# PGIM INDIA SMALL CAP FUND

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

This product is suitable for investors who are seeking\*:

- Capital appreciation over a long period of time.
- Investment in equity and equity related instruments of small 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



Nifty Smallcap 250 - TRI  
Benchmark riskometer is at very high risk



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[www.pgimindiamf.com](http://www.pgimindiamf.com)

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