



PGIM
India Mutual Fund

Sometimes, it's the
little things that make
all the difference.

Invest in
PGIM INDIA
SMALL CAP FUND

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

To know more contact your
Mutual Fund Distributor or RIA

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Small Caps: Potential to create wealth and generate alpha over the long term

As the economy revives and demand plays out, the full value-chain across sectors benefits from the demand revival, and this includes small cap companies too. Along with economic data improving, corporate profitability of small cap companies can be expected to improve. Small Caps are defined as stocks beyond top 250 companies ranked by market capitalization, as declared by AMFI. Companies which have survived the past downturn, especially in the small cap space, have weathered a very tough time and are set to benefit from better demand as:

- Demand is recovering across sectors
- Unorganized weaker companies might have exited the business or seen their market share go down, thus reducing the competitive intensity.

This would entail, better top line, margins, profits and cashflows for the surviving set of companies. The potential upgrade in profitability can cause a decent rerating in such small, niche businesses. Small Caps therefore provide an opportunity to participate in small niche businesses, which could overtime scale up into mid-sized and large cap businesses.

Why Small Caps now?



Potential to create wealth and generate alpha over the long term; due to the under-researched nature of the small cap segment, opportunity for stock picking continues to exist.



Meaningful exposure to sectors where large cap or mid cap companies have less presence, examples of such industries could be chemicals, textiles, paper, sugar, home improvement businesses, barring a few mid caps the overall ancillary businesses, construction, etc



Small Cap companies provide some unique opportunities:

- Market share gain from established players
- Ability to scale-up
- Niche businesses / Emerging businesses



Small Caps are generally under-researched and under-owned compared to other segments of the market. This provides an opportunity for stock picking in the long term.



Small Caps of today can become mid caps or large caps of tomorrow, as they grow their revenues, profits and achieve scale.

Why invest in PGIM India Small Cap Fund?

- The investment objective of the scheme is to achieve long term capital appreciation by predominantly investing in equity and equity related instruments of small cap companies. The scheme's investment strategy is to capture opportunities available in the small cap segment.
- The fund invests a minimum of 65% of its corpus in small cap companies. The scheme may also seek to participate in the growth of other equity and equity related instruments in order to achieve optimal portfolio construction.
- The portfolio is built utilizing a combination of the top-down and bottom-up portfolio construction process, focusing on the fundamentals of each stock, including quality of management.
- The fund has a diversified portfolio with exposure across sectors, given the fact that small cap stocks present a wider investment universe.
- The Scheme invests a certain portion of its corpus in debt and money market securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

Who should invest in PGIM India Small Cap Fund?

- 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 small cap segment

PGIM India Small Cap Fund: Investment Approach

- Minimum 65% allocation to small cap stocks. *Small caps are defined as stocks beyond top 250 as ranked by market cap**
- Stock selection and portfolio construction on the basis of:
 - Growth at Reasonable Price (GARP)
 - Fundamentals driven, bottom-up stock picking approach
 - Focus on Return on Equity (ROE), Growth, Free Cash Flow generation and Leverage ratios
- Focus on fundamentals: Stock price over the medium to long term, tends to track the fundamentals of the company
- Focus on corporate governance: Companies which are backed by good management and demonstrate the ability to scale-up are generally rewarded by investors
- Focus on re-rating: Investors are likely to pay a higher multiple for higher expected growth in the future, leading to re-rating of the stock



*List published by AMFI on a half yearly basis. For more details on asset allocation please refer SID and KIM on our website www.pgimindiamf.com

Portfolio Positioning

| Top Sectors Overweight | % Overweight |
|----------------------------|---------------|
| Financials | 6.74 |
| Real Estate | 1.41 |
| Top Sectors Underweight | % Underweight |
| Consumer Discretionary | 5.73 |
| Industrials | 3.68 |
| Information Technology | 2.72 |
| Top 5 Stocks Overweight | % Overweight |
| ICICI Bank Ltd | 8.99 |
| Route Mobile Ltd | 3.66 |
| Global Health Ltd/india | 3.40 |
| Multi Commodity Exch India | 3.04 |
| JK Cement Ltd | 2.77 |
| Top 5 Stocks Underweight | % Underweight |
| Kpit Technologies Ltd | 1.73 |
| IDFC Ltd | 1.23 |
| PVR Ltd | 1.20 |
| Redington Ltd | 1.16 |
| Indian Energy Exchange Ltd | 1.14 |

The above weights are in comparison to the benchmark. Source: Bloomberg and Internal Research. The above data as on March 31, 2023.

Portfolio (Top Ten Holdings) as on March 31, 2023

| Issuer | % to Net Assets |
|--|-----------------|
| ICICI Bank Ltd. | 8.99 |
| Route Mobile Ltd. | 4.08 |
| Multi Commodity Exchange Of India Ltd. | 3.95 |
| Global Health Ltd. | 3.80 |
| Radico Khaitan Ltd. | 3.55 |
| City Union Bank Ltd. | 3.12 |
| Creditaccess Grameen Ltd. | 2.89 |
| JK Cement Ltd. | 2.77 |
| CEAT Ltd. | 2.75 |
| Affle (India) Ltd. | 2.71 |

Please visit <https://www.pgimindiamf.com/statutory-disclosure/monthlyportfolio> for complete details on portfolio holding of the Scheme.

Fund Facts

Fund Managers: Aniruddha Naha is the equity fund manager for the scheme. (w.e.f. September 13, 2022) Mr. Bhupesh Kalyani is the debt fund manager for the scheme. Ravi Adukia is the equity fund manager for the scheme and (w.e.f. May 12, 2022) Rahul Jagwani is managing the Overseas Investments.

Benchmark: NIFTY Smallcap 250 TRI

Exit Load: 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.

About Us

PGIM India Mutual Fund is a wholly owned business of PGIM, the global investment management business of the US based Prudential Financial, Inc. (PFI). PGIM India Asset Management is the full service investment manager of PGIM India Mutual Fund, offering a broad range of equity and fixed income solutions to retail and institutional investors throughout the country. We manage 23 open-ended funds operated by 17 investment professionals. In addition to managing our investors assets through domestic Mutual Funds, we also offer Offshore Funds and Portfolio Management Services. The fund house leverages the strength and stability of PGIM's 145-year legacy to build on its decade long history in India. Headquartered in Mumbai, PGIM India Mutual Fund has a presence in 27 cities across the country. PGIM India Mutual Fund brings a rich blend of global resources, intellectual acumen and local investment expertise and is committed to designing superior and meaningful, wealth building solutions for our investors. PGIM India provides unique training and educational programs for building exceptional capabilities and best business practices for its business associates.

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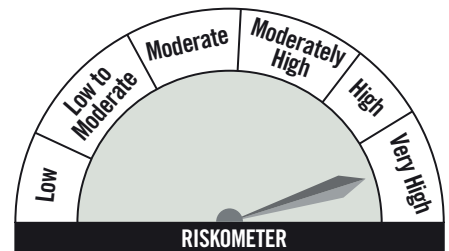
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Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.



Investors understand that their principal will be at very high risk

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.