



**PGIM**  
India Mutual Fund

# One for All

Introducing

**PGIM INDIA**

**MULTI CAP FUND**

(An open ended equity scheme investing across large cap, mid cap, small cap stocks)

NFO Opens: 22<sup>nd</sup> August, 2024

NFO Closes: 5<sup>th</sup> September, 2024



The second most important question people often ask is,

**‘paise kaha lagane chahiye?’**

THE ECONOMIC TIMES

**‘Small-cap and mid-cap froth spreading into large caps’**

 **ETPrime**

**ET Analysis: Investing in an ageing bull market**

 **ETPrime**

**These midcap stocks with ‘strong buy’ & ‘buy’ recos can rally over 30%, according to analysts**

THE ECONOMIC TIMES

**Investors make a beeline to large-cap funds amid higher small-cap valuations**

THE ECONOMIC TIMES

**Mid and small-cap indices hit new highs in 2024; is it time to move to large caps?  
Here’s what top experts suggest**

1

**Active + Disciplined Management:** The Fund manager strategically combines disciplined allocation of 25% in each market capitalization viz. large, mid & small with stock picking techniques as only few companies can make the transition from small to becoming large companies.

2

**Sector Coverage:** Multi Cap fund entails a balanced approach towards investment, in both established and emerging fast-growing sectors. This involves diversifying investments across various sectors to gain exposure within the mid and small-cap space.

3

**Disciplined Rebalancing:** As winners keep rotating across different market capitalizations, a Multi Cap fund provides disciplined exposure across different market caps capturing ideas regardless of the size.

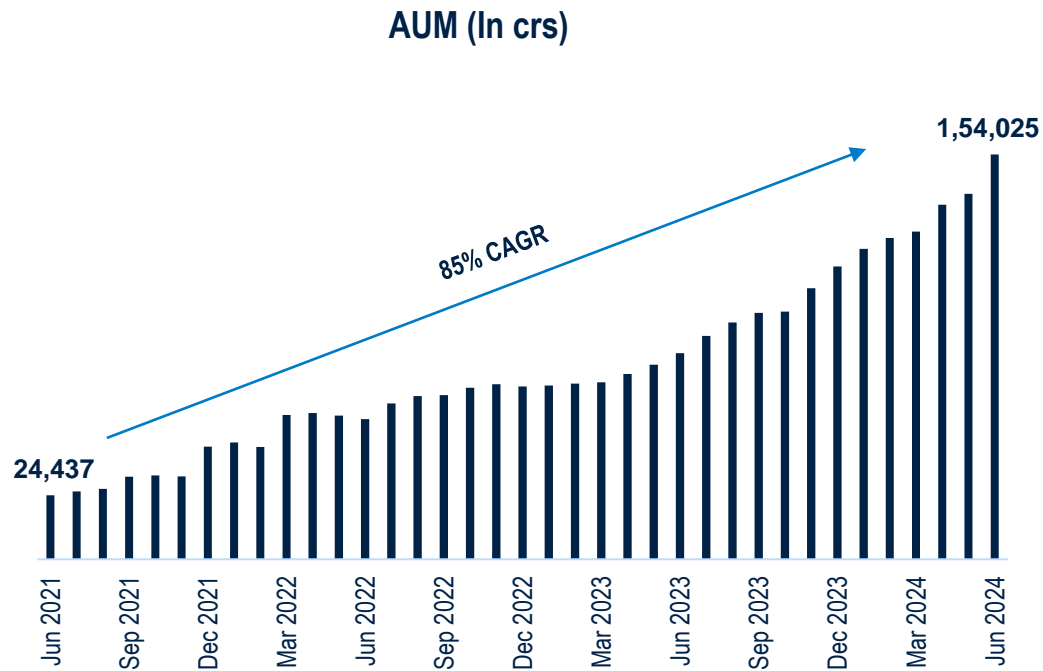
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**Risk-Adjusted Returns:** Multi Caps have provided risk-adjusted returns comparable to broader markets.

5

**Tax and cost efficiency:** Investors may face tax & added cost implications by rebalancing the portfolio themselves.

# Remarkable Growth in AUM : Multi Cap Category



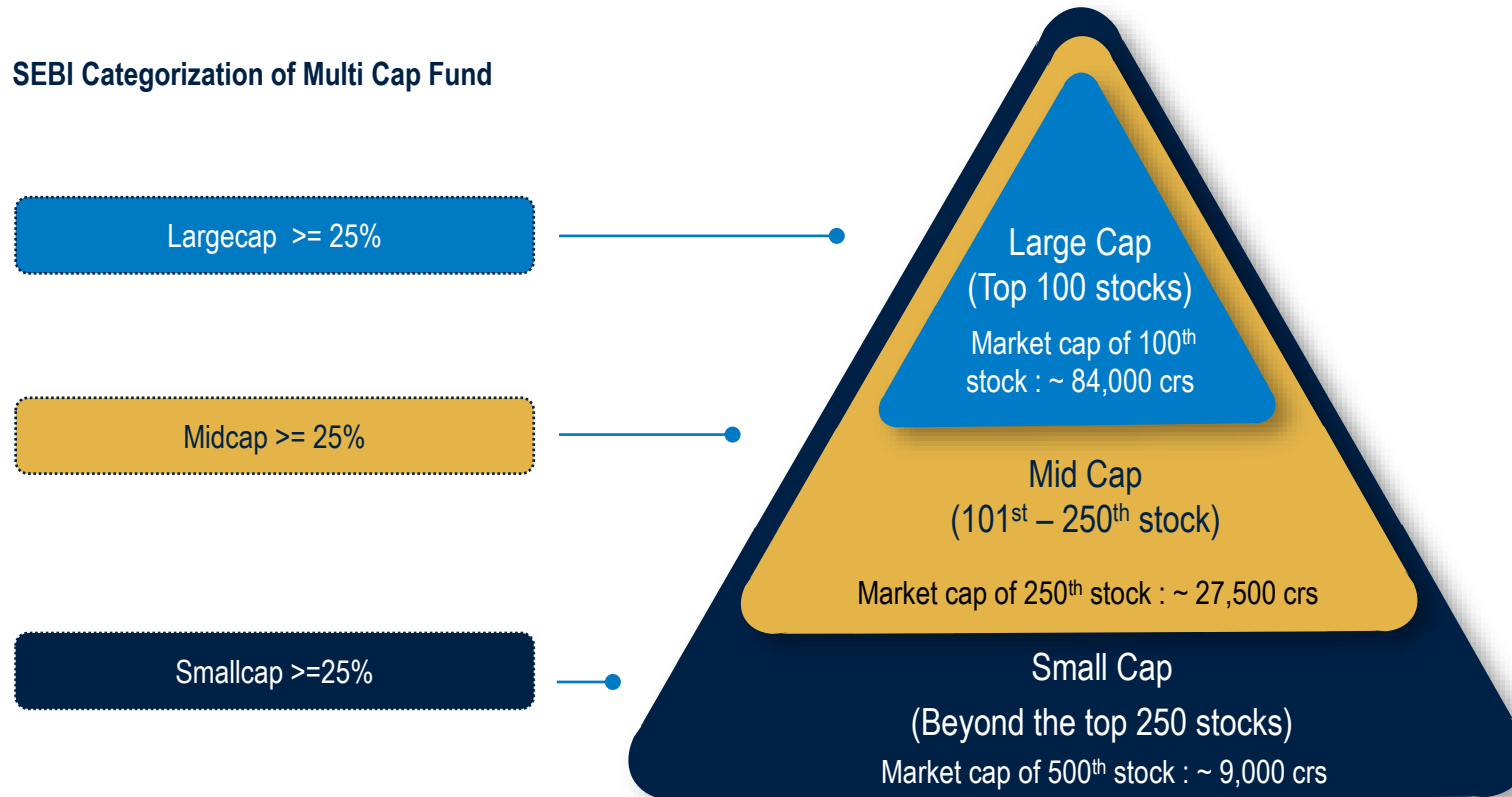
**01** There are total 26 actively managed schemes in the Multi Cap category.

**02** Category AUM has grown at 85% CAGR over a period of 3 years as of June 2024.

# What is a Multi Cap Fund?

## Dedicated allocation across different market capitalizations

### SEBI Categorization of Multi Cap Fund



The flexibility in the remaining portion will allow the Fund Manager to distribute investments across all market capitalization segments.

# Why Should You Have Exposure Across Different Market Capitalizations?

## Winners Keep Changing

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Market Capitalizations	LC 40.2%	SC 97.4%	LC -53.1%	SC 117.4%	MC 20.1%	LC -24.9%	MC 46.7%	LC 7.9%	SC 71.7%	SC 11.3%	MC 6.5%	SC 58.5%	LC 2.6%	LC 11.8%	SC 26.5%	SC 63.3%	LC 4.9%	SC 49.1%
	SC 32.9%	MC 78.2%	MC -64.9%	MC 113.9%	LC 19.3%	MC -31.0%	SC 40.4%	MC -1.3%	MC 62.7%	MC 9.7%	LC 5.0%	MC 55.7%	MC -12.6%	MC 0.6%	MC 25.6%	MC 48.2%	MC 3.9%	MC 44.6%
	MC 28.5%	LC 59.5%	SC -68.6%	LC 84.9%	SC 17.6%	SC -35.1%	LC 32.5%	SC -6.4%	LC 34.9%	LC -1.3%	SC 1.4%	LC 32.9%	SC -26.1%	SC -7.3%	LC 16.1%	LC 26.4%	SC -2.6%	LC 21.2%

Color Legend	LC – Large Caps	Nifty 100 TRI
	MC – Midcaps	Nifty Midcap 150 TRI
	SC - Smallcaps	Nifty Smallcap 250 TRI

**No single market capitalization consistently outperforms others.**

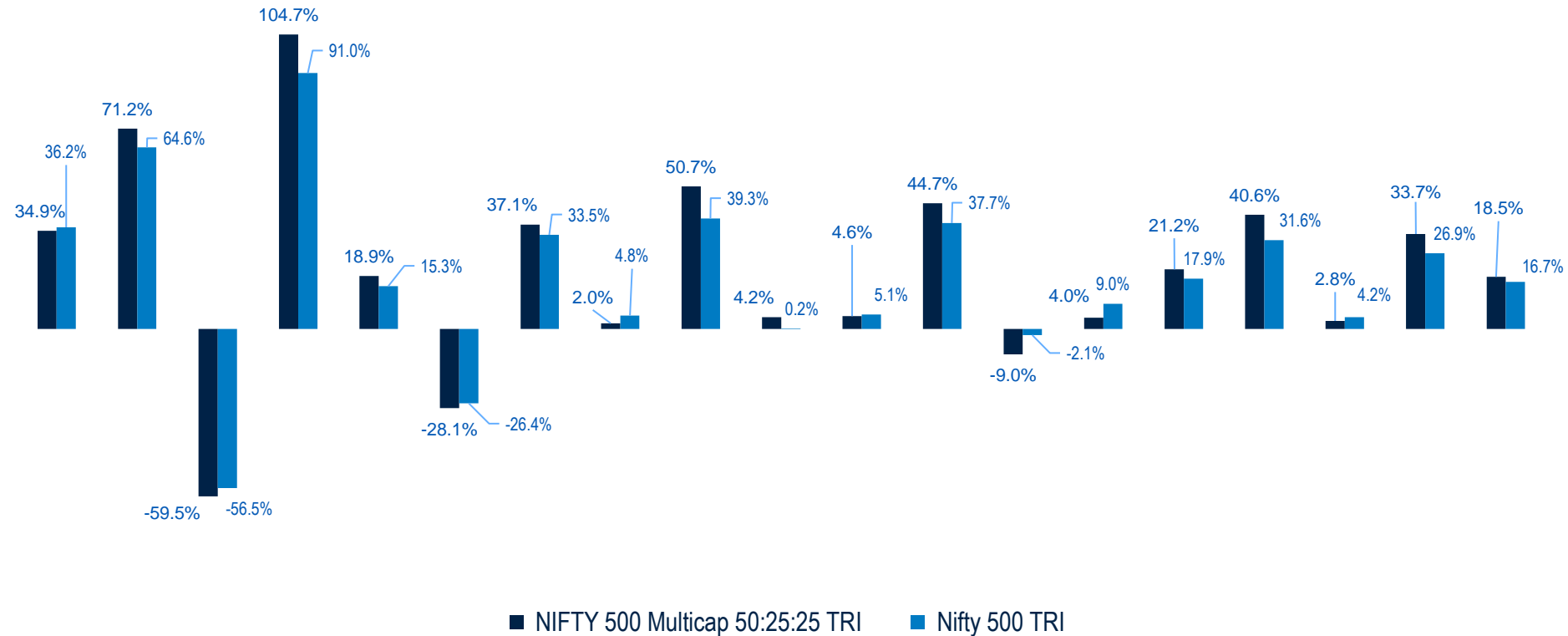
**Opting for across market capitalization strategy may mitigate risk and provide leeway for a fund manager to take exposure to all the market capitalizations.**

- The Multi Cap fund strategy will have a minimum allocation of 25% each to Large, Mid, and Small caps.
- The Multi Cap fund strategy will have a minimum allocation of 75% and a maximum of 100% in equity and equity-related instruments.

# Strong Historical Performance

## Nifty 500 Multi Cap 50:25:25 over Nifty 500

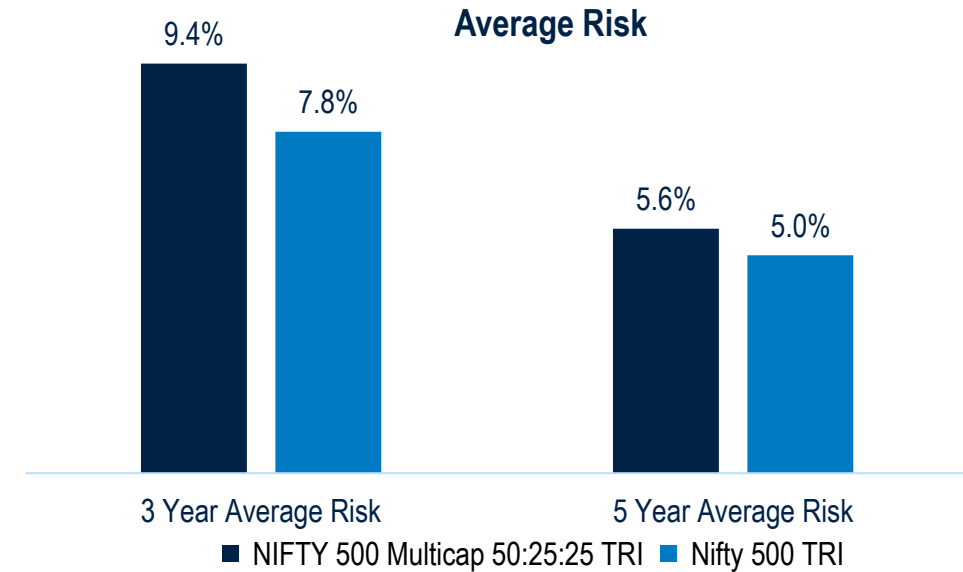
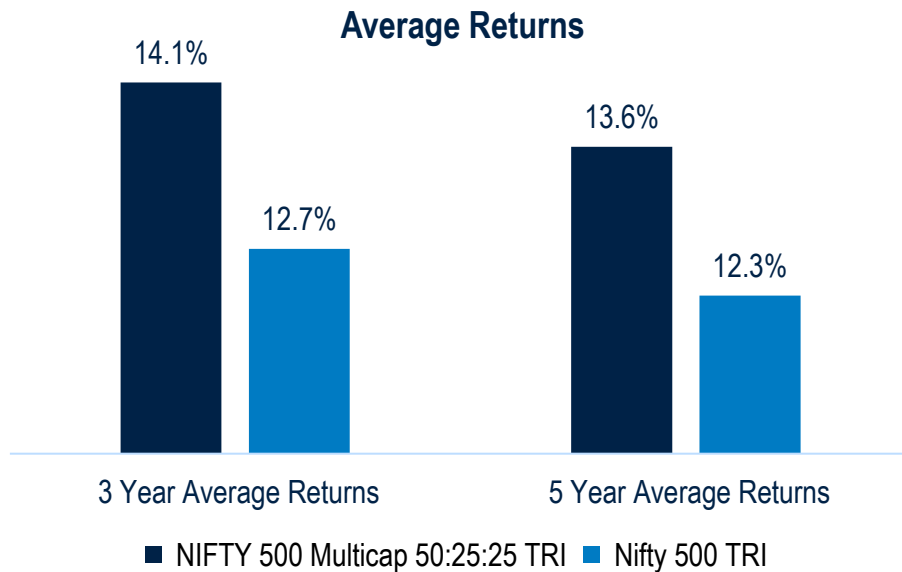
Calendar year Returns



**Nifty 500 Multi Cap 50:25:25 TRI has outperformed Nifty 500 TRI in 11 out of last 19 years**



## Better returns with relatively lower volatility



**Nifty 500 Multi Cap 50:25:25 TRI has generated risk-adjusted returns comparable to Nifty 500 TRI**

# Multi Caps: Rolling Return Comparison

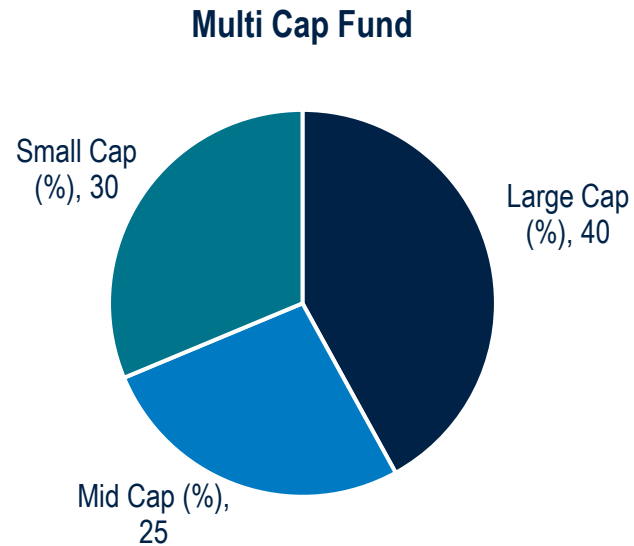
3 Year Rolling Returns	Nifty 500 TRI	Nifty 500 Multi Cap 50:25:25 TRI
Average	12.7%	14.1%
Median	13.2%	14.4%
Min	-8.7%	-10.2%
Max	38.2%	38.1%
Returns Range		
Negative	6.4%	8.6%
0% to 10%	27.2%	22.4%
10% to 15%	27.5%	21.7%
15% to 20%	21.0%	17.0%
Above 20%	17.9%	30.2%

The average outperformance of Nifty 500 Multi Cap 50:25:25 TRI over Nifty 500 TRI is 1.4%

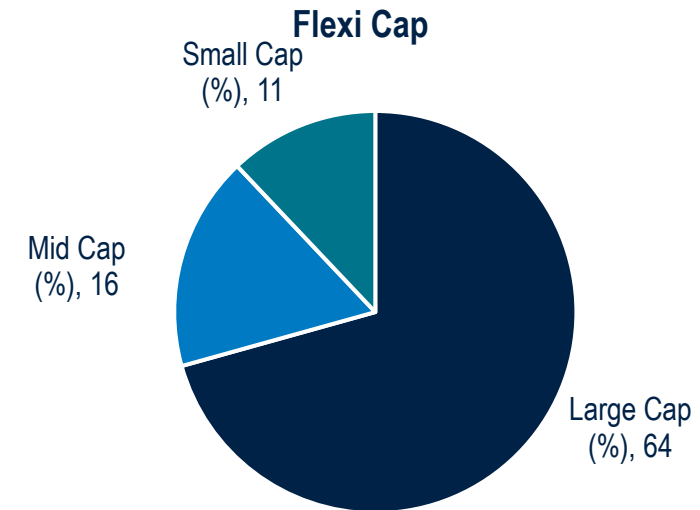
69% of the times Nifty 500 Multi Cap 50:25:25 TRI provided double digit returns

# Diversified Investment Opportunities Across Market Capitalizations

Ensures better diversification owing to its asset allocation structure



Higher allocation towards Large Cap



The Multi Cap category stands out for its balanced exposure across market caps, as observed in the category average allocation between Multi Cap & Flexi Cap categories. It aims to achieve a diversified portfolio by investing across large, mid, and small-cap segments.

**PGIM India**

# **Multi Cap Portfolio Positioning**

Our investment process is based on the following pillars:

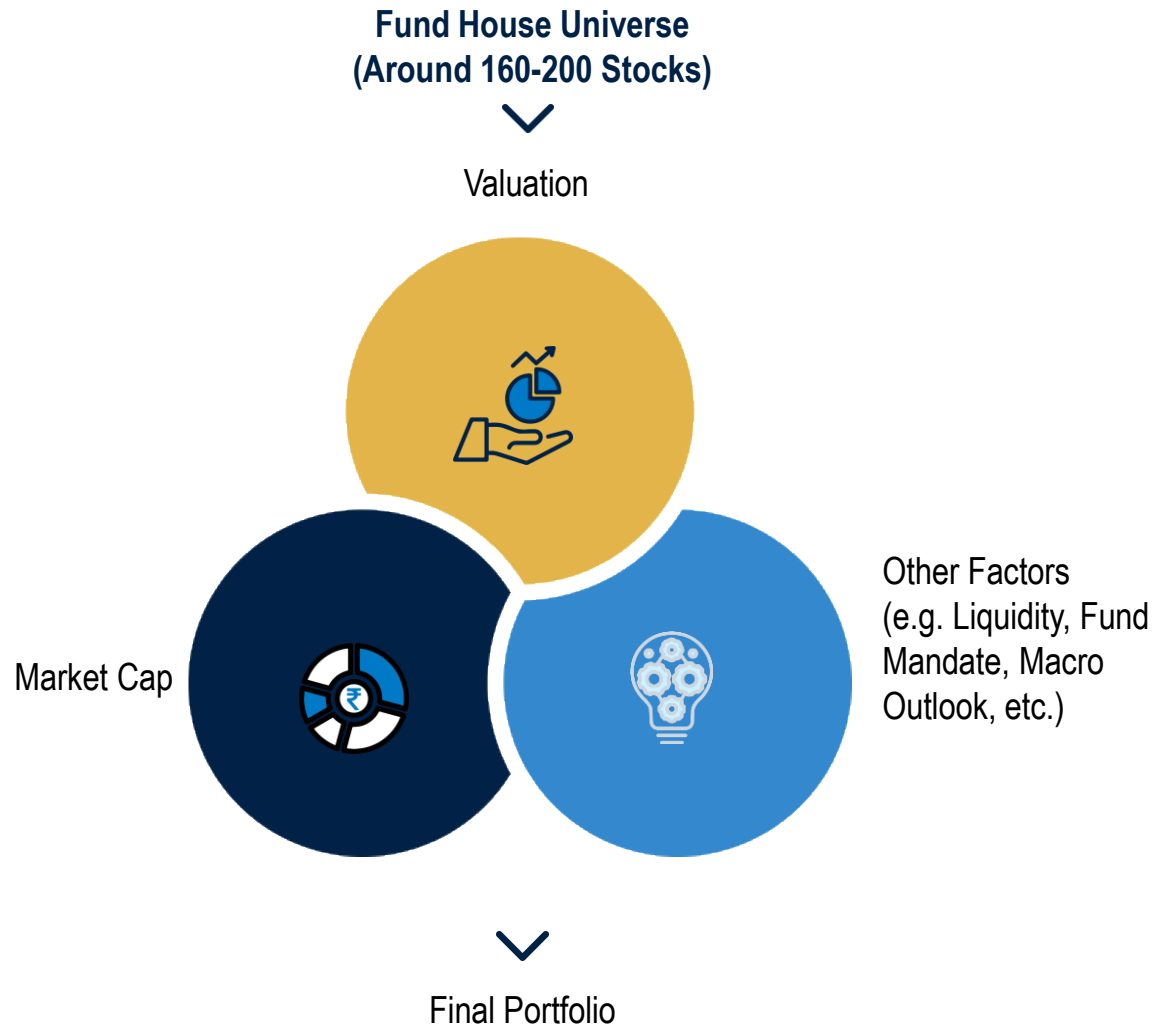


## Criteria to build fund house universe

- ❑ The starting point for our fund house universe will be all companies with market cap greater than Rs.1,000 crores (including any IPOs).
- ❑ There are more than 1,000 companies with market capitalization greater than Rs 1000 crores\*.



## Designing an Optimal Portfolio



## Portfolio Construction Principles

**01** Diversification



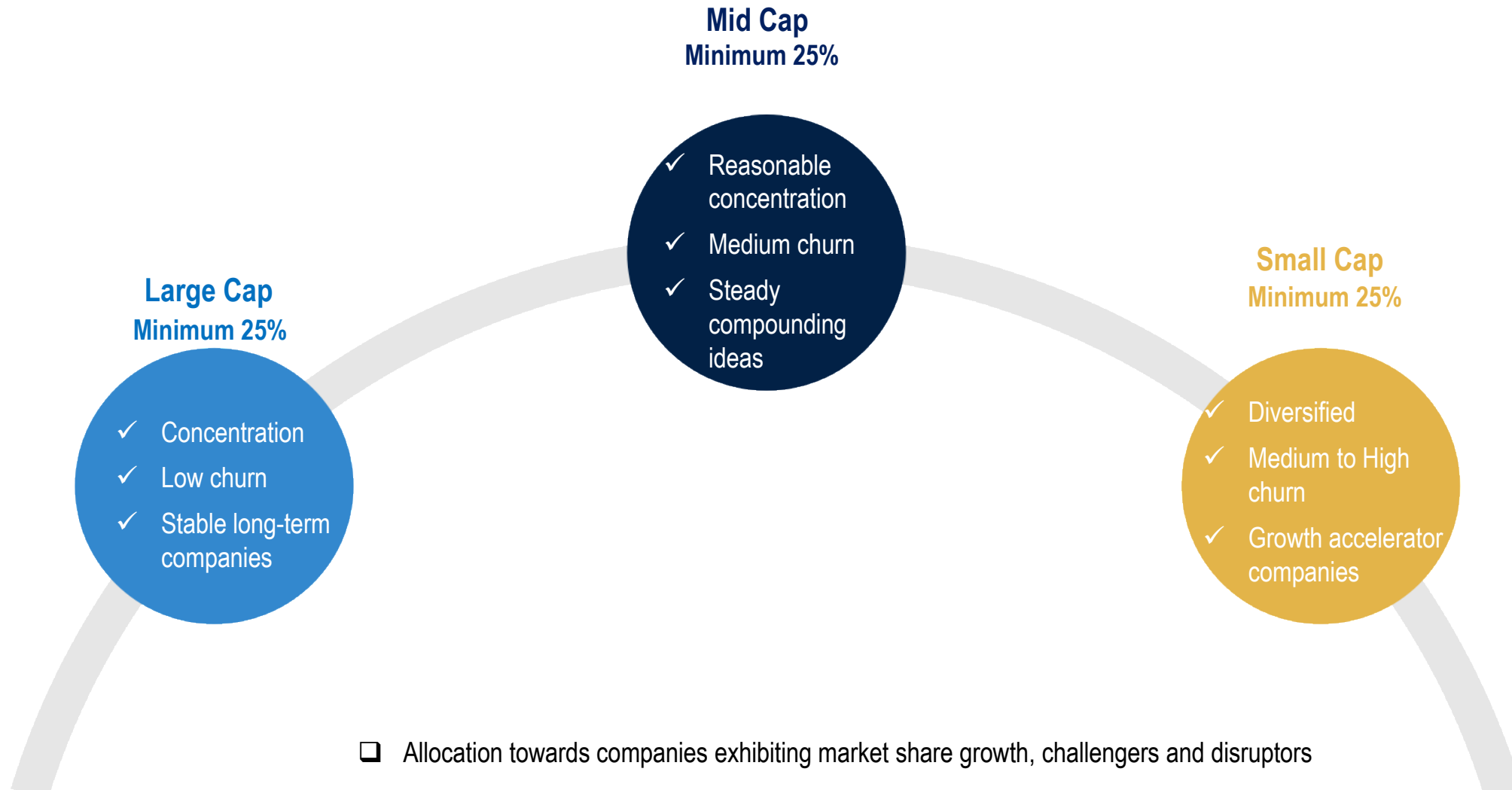
**02** High Active Share



**03** True to Mandate

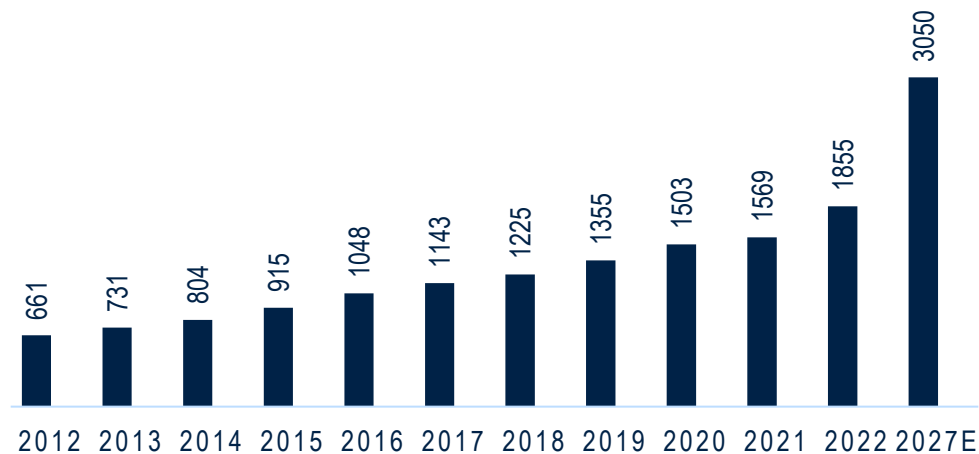


# How will PGIM India Multi Cap Portfolio Be Positioned?



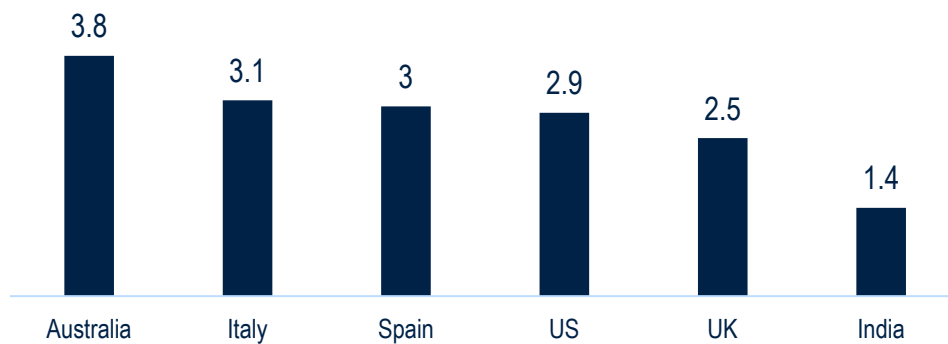


## Healthcare : Growing and Underpenetrated Market



Source : IQVIA, Kotak Institutional Equities; Jefferies

### Beds per 1000 Population

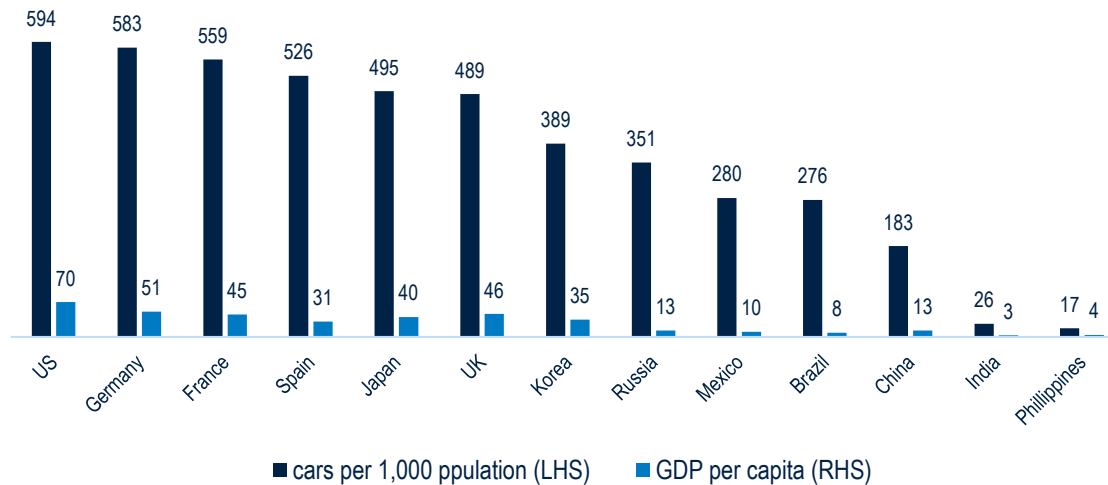


Source: OECD, The Center For Disease Dynamics, Economics & Policy, Jefferies

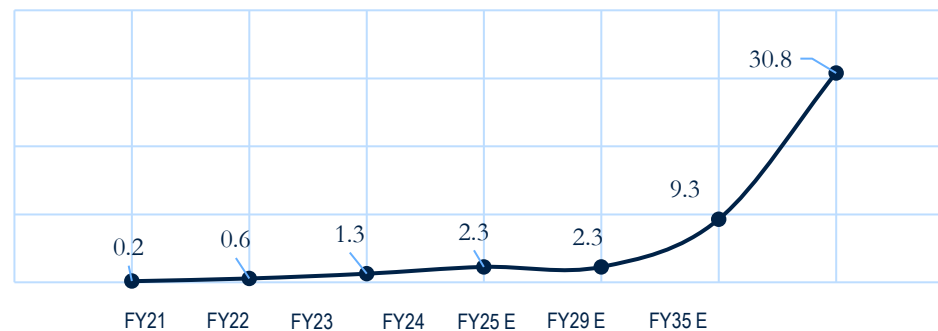
- Indian domestic pharma market is expected to grow at a healthy clip led by rising income levels, government initiatives, increasing life expectancy and increase in insurance coverage.
- US generics + Domestic formulations from >50% of revenues and profits for most pharma companies in the listed equities space. The US generic drug market was pegged at US\$74bn in CY20. Indian companies accounted for 47% of all generic prescriptions in the US in 2022.
- Despite being home to ~1/5th of the global population, India has only ~2.1 MN beds, translating to 1.5 beds per 1,000 persons. To meet the WHO's guideline of 3.5 beds per 1,000 persons, India would need to add ~3 Mn beds in the coming years.

## Mobility and Innovation : A Growing Frontier

Global country wise car penetration and GDP per capita CY2021 (units per thousand population, '000USD)

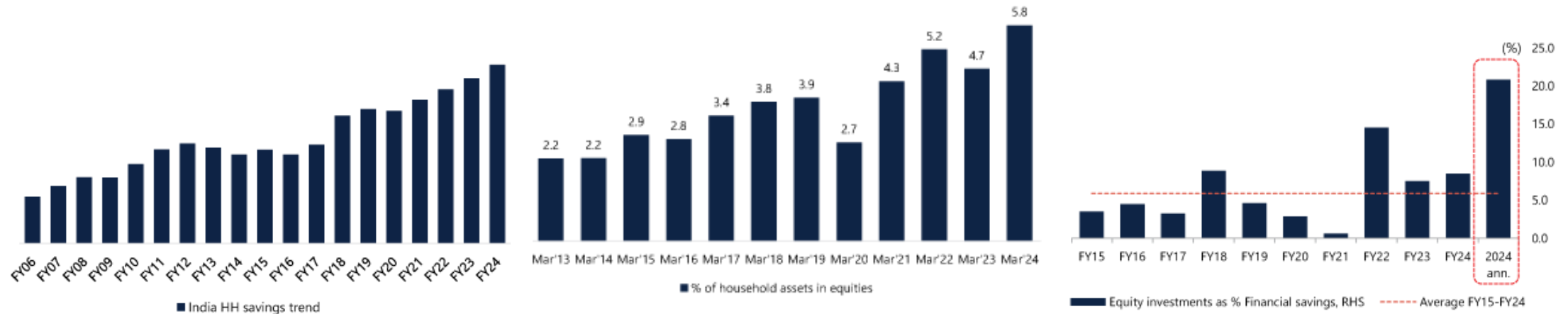


### EV penetration estimated to reach 9% by FY29E



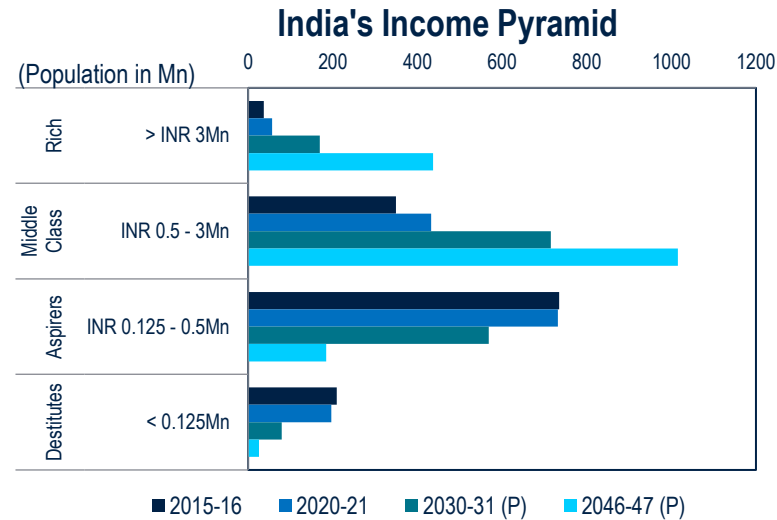
- India has one of the lowest car penetration globally, with just ~30 cars per 1000 population. This compares to ~200+ for China, and more than ~900+ for developed nations like USA/most European countries.
- With rising disposable incomes, share of UVs in India has been rising with UVs now 60%+ of the domestic PV industry.
- Meanwhile, penetration of 2Ws looks optically higher, it is still much lower vs Asian peers like Indonesia/Thailand and Vietnam. While the volume growth runway for 2Ws is lower vs PVs, we believe premiumisation trend in 2Ws provides scope for continued value growth.
- Beyond penetration growth and premiumisation, trends like electrification are gaining foothold in the domestic auto space.

## Financialization : Rising at a Brisk Pace, Expected to Continue

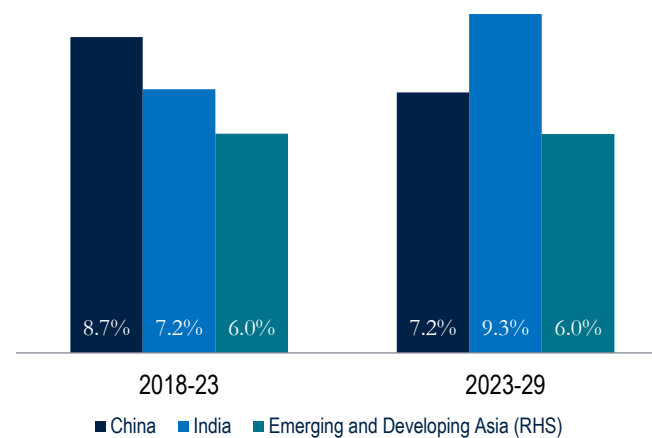


- Rising per capita income is leading to higher household savings.
- From being underserved, underbanked and new to financial systems – today average Indian has adequate access to the financial system through Jan dhan and normal bank accounts, Micro finance and affordable housing, UPI and many such modes
- From being traditionally being invested in real estate, gold, physical cash or bank we are seeing movement to risk assets either directly or through professionally managed entities.
- Inflows in financial instruments like equities have seen a phenomenal rise and are led by a) Direct retail trading in the stock market b) Discretionary flows into MFs (i.e., inflows into MFs ex-SIP); c) Flows into MFs via SIPs; and d) Flows via other sources such as equity component of insurance, etc.

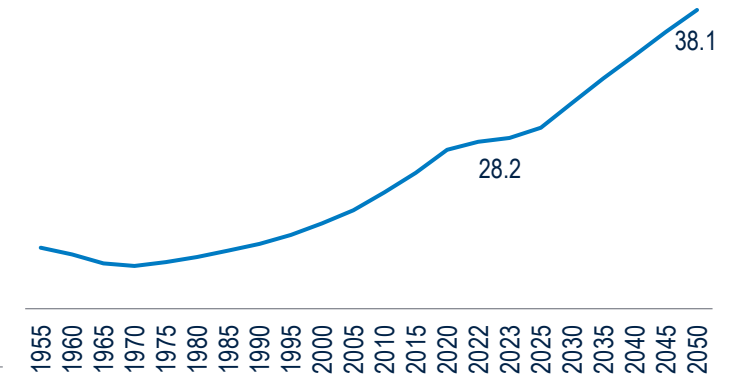
## Consumption: Higher per capita income to give a J- Curve for demand



Growth in Per capita income (5yr CAGR)



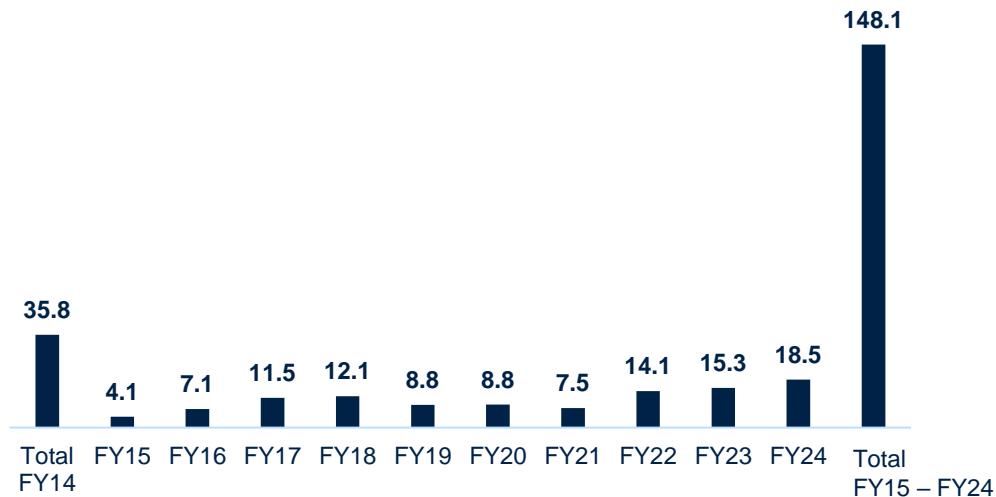
India Median Age (Yrs)



- Out of total population in India, middle class segment was at 31% which is expected to see exponential rise to 47% in 2031 and 61% in 2047 due to rise in Income per capita. When there is such an exponential rise in middle class population, it leads to significant rise in disposable income leading to rise in discretionary spends.
- Over FY18-23, India saw a 7.2% CAGR in Per capita income, which is expected to accelerate to 9.3% in FY23-29, while China's per capita income growth is expected to slow down from 8.7% (2018-23) to 7.2% (2023-29). Rise in per capita income at an accelerated pace will aid in increasing disposable income for the Indian population.
- In 2000, median age was 21.6 in India which has increased to 28.2 in 2023 with a total population of 145cr, which depicts that India has the largest young working population in the world. Median age is expected to go to 38.1 by 2050, thus, for the next 16 years, working population mix will continuously be high leading to very high productivity.

## New Energy: Expanding at a Scorching Pace

Renewable Capacity (ex-hydro projects) (GW)



- In spite of being a relative late starter, India has already become the 4th largest renewable energy installed capacity country.
- The country has set an enhanced target at the COP26 of 500 GW of non-fossil fuel-based energy by 2030. This is the world's largest expansion plan in renewable energy.
- India's installed non-fossil fuel capacity has increased 396% in the last 8.5 years and stands at more than 203.19 GW (including large Hydro and nuclear), about 45.5% of the country's total capacity (as of Jun 2024) .
- India aims to produce 5 Mn Tonnes of green hydrogen by 2030.
- India has set a target to reduce the carbon intensity of the nation's economy by less than 45% by the end of the decade, achieve 50 percent cumulative electric power installed by 2030 from renewables, and achieve net-zero carbon emissions by 2070.

- 1 3S framework for stock picking: Scalable, Sustainable, Structural :
  - **Scalable** : Focus on companies with the potential to continue growing their revenue at an accelerated pace.
  - **Sustainable** : Prioritize companies achieving above-average growth at comparatively lower costs as they scale.
  - **Structural** : Seek companies with a longer runway for above-average growth and profitability, driven by clear, visible triggers

- 2 The portfolio construction approach is bottoms-up and well-diversified.

- 3 Growth at a Reasonable Price (GARP) focused strategy with flexibility to adjust between short, medium and long-term growth opportunities based on market conditions.

- 4 May allocate to turnaround ideas, event-driven opportunities, and stocks showing momentum driven by earnings growth in the medium to long term.

About

PGIM India

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**Multi Cap Fund**

# About PGIM India Multi Cap Fund

<b>Scheme Name</b>	<b>PGIM India Multi Cap Fund</b>
<b>Type of scheme</b>	An open-ended equity scheme investing across large cap, mid cap, small cap stocks.
<b>Investment objective</b>	<p>The investment objective of the scheme is to seek to generate long-term capital appreciation by investing in a portfolio of equity and equity related securities across large cap, mid cap, small cap stocks.</p> <p>However, there can be no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/ indicate any returns.</p>
<b>Plan / Options</b>	IDCW** (Payout of Income Distribution cum Capital Withdrawal option / Reinvestment of Income Distribution cum Capital Withdrawal option) and Growth.
<b>Minimum Application Amount</b>	<p>Initial Purchase/ Switch-in - Minimum of Rs. 5,000/- and in multiples of Re. 1/-thereafter.</p> <p>Additional Purchase - Minimum of Rs. 1,000/- and in multiples of Re. 1/-thereafter.</p> <p>For SIPs - Minimum no. of 5 installments and Minimum amount per installment - Rs. 1,000/- each and in multiples of Rs.1/- thereafter.</p>
<b>Exit Load</b>	<p>For Exits within 90 days from date of allotment of units : 0.50%.</p> <p>For Exits beyond 90 days from date of allotment of units : NIL</p>
<b>Fund Manager</b>	<p>Mr. Vivek Sharma (Equity Portion)</p> <p>Mr. Anandha Padmanabhan Anjeneyan (Equity Portion)</p> <p>Mr. Utsav Mehta (Equity Portion)</p> <p>Mr. Puneet Pal (Debt Portion)</p>
<b>Benchmark Index</b>	Nifty 500 Multi Cap 50:25:25 TRI





## PGIM India Multi Cap Fund

(An open-ended equity scheme investing across large cap, mid cap, small cap stocks.)

The Product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

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

This product is suitable for investors who are seeking*		
<ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investing in equity and equity related securities of large cap, mid cap, small cap companies</li> </ul>	<p style="text-align: center;"><b>Scheme Riskometer</b></p>  <p style="text-align: center;">RISKOMETER</p> <p style="text-align: center;">Very High - Investors understand that their principal will be at very high risk</p>	<p style="text-align: center;"><b>Benchmark Riskometer</b></p>  <p style="text-align: center;">RISKOMETER</p> <p style="text-align: center;">Benchmark riskometer is at very high risk</p> <p style="text-align: center;"><b>AMFI Tier 1 Benchmark - Nifty 500 Multicap 50:25:25 TRI</b></p>

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

**Annexure**



# Is a Style Rotation Underway?

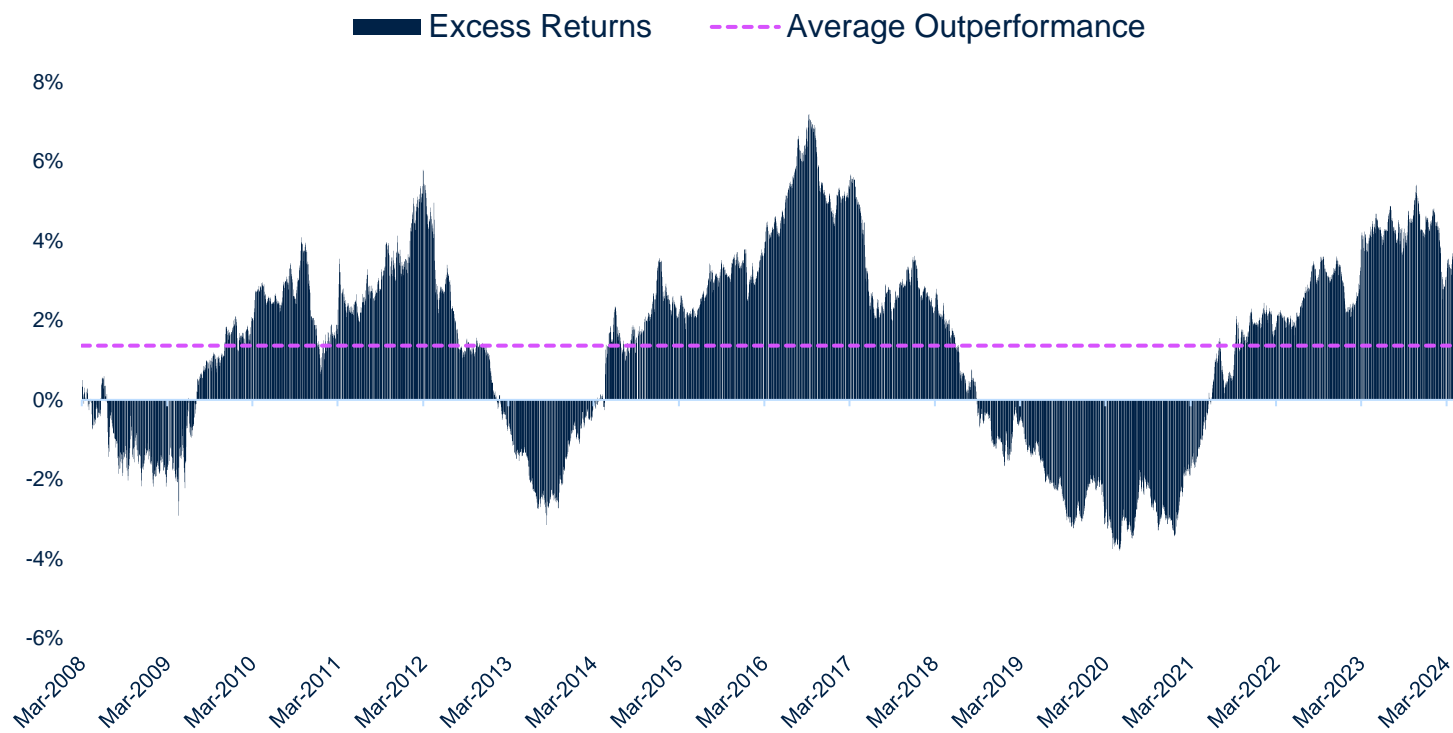
2020	2021	2022	2023	2024*
Low Vol 26.8%	Value 56.9%	Value 26.3%	Value 62.2%	Value 40.5%
Quality 26.0%	Mom. 53.8%	Quality 13.0%	Mom. 41.7%	Mom. 36.2%
Mom. 20.0%	Nifty 200 28.9%	Nifty 200 4.9%	Quality 34.4%	Quality 34.4%
Nifty 200 16.8%	Quality 19.4%	Low Vol 4.5%	Low Vol 30.8%	Low Vol 20.8%
Value 12.8%	Low Vol 19.3%	Mom. -5.4%	Nifty 200 24.7%	Nifty 200 20.9%

1 Months	3 Months
Quality 7.6%	Quality 20.8%
Value 6.8%	MoM. 14.0%
MoM. 5.0%	Nifty 200 12.4%
Low Vol 4.4%	Value 11.3%
Nifty 200 4.4%	Low Vol 10.5%

✓ While Value has led in recent years, the latest 1- and 3-month data suggest a potential shift, with Quality outperforming other styles

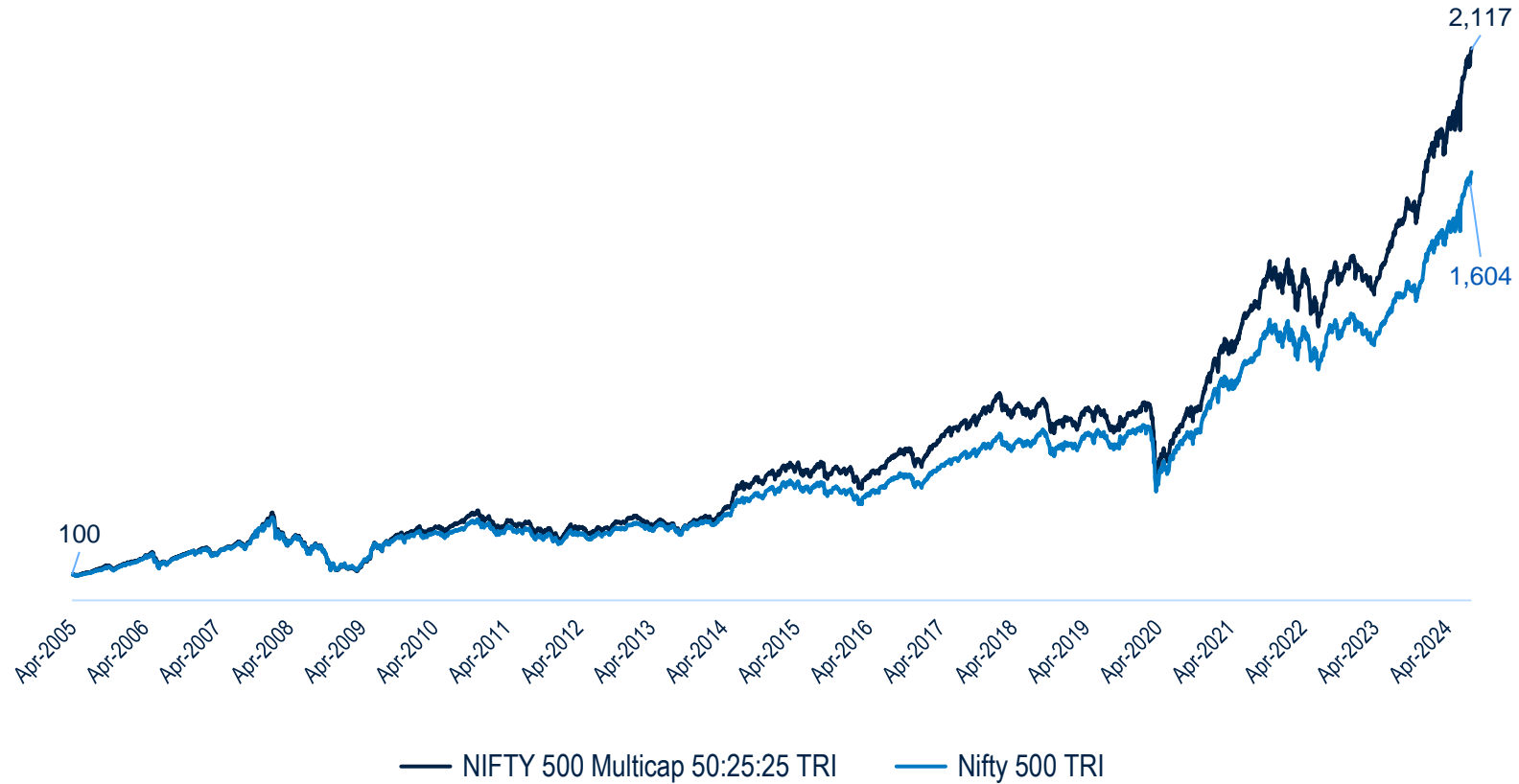
## Nifty 500 Multi Cap 50:25:25 TRI over Nifty 500 TRI

Relative outperformance on a 3 years Rolling returns basis



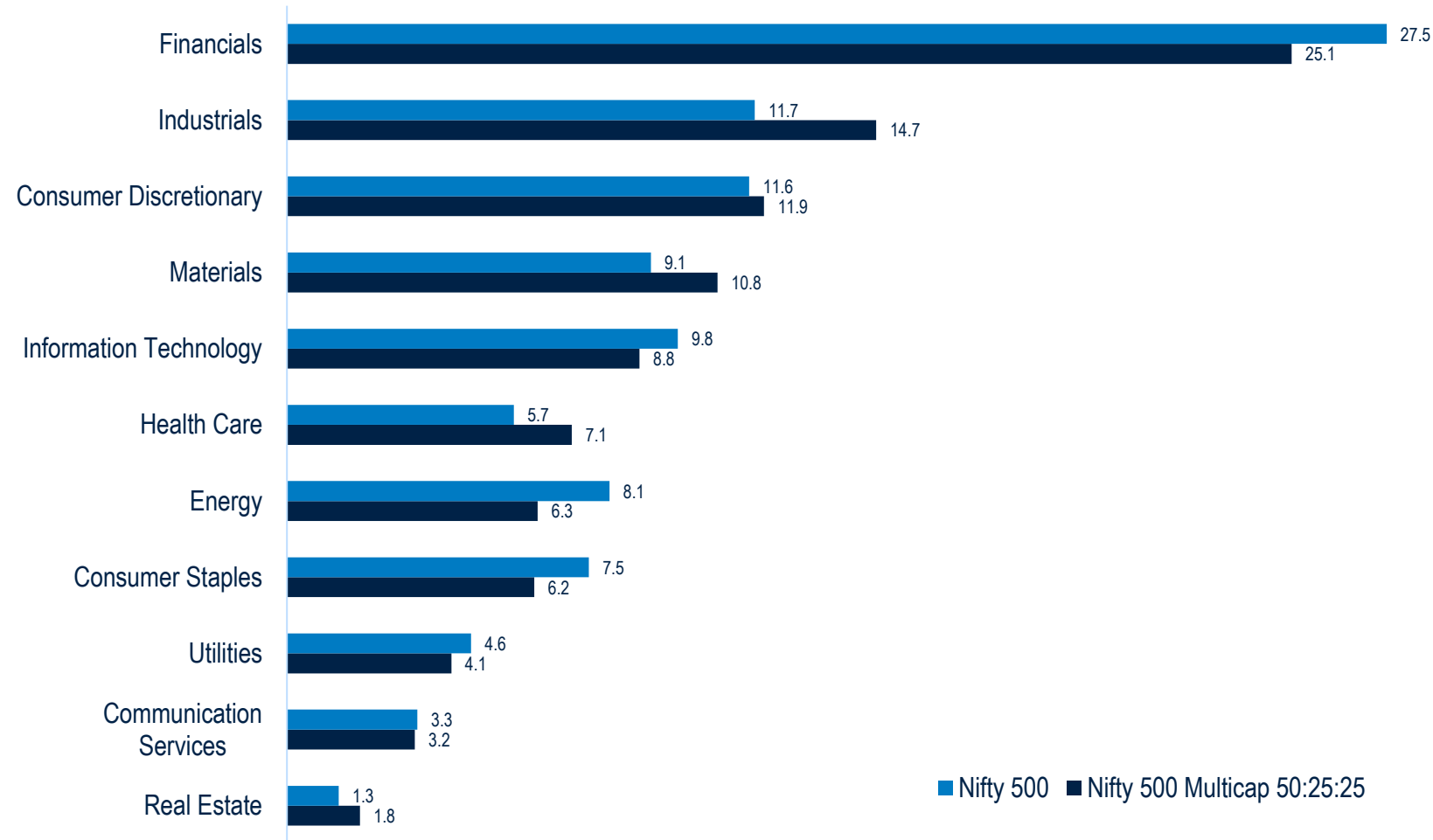
**On a 3-year rolling returns basis, Nifty 500 Multi Cap 50:25:25 TRI has outperformed Nifty 500 TRI 69% of times. The average outperformance is 1.4%**

# Historical Performance



**Multi Cap Index (Nifty 500 Multi Cap 50:25:25 TRI) has outperformed Nifty 500 TRI over the long term**

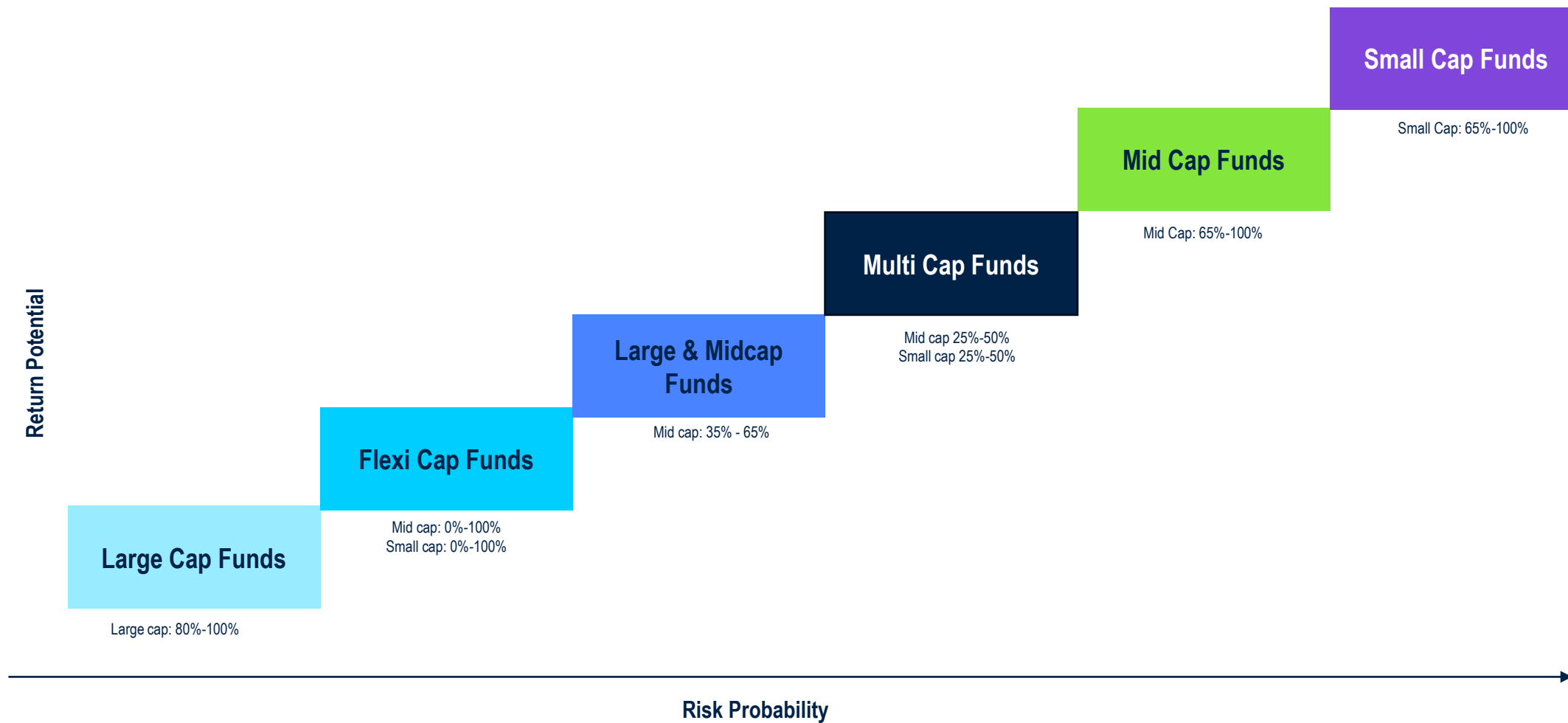
# Multi Caps: Opportunities to Participate in Different Segments and Sectors



# Difference between Flexi Cap and Multi Cap Category

	Flexi Cap Category	Multi Cap Category
<b>Meaning</b>	No restriction on investing in large, mid, or small cap stocks.	Mandatorily allocate at least 25% each to large, mid, and small-cap stocks.
<b>Nature</b>	Balanced with flexibility in allocating based on the fund manager's outlook.	Disciplined, with mandatory allocation in each market cap irrespective of outlook.
<b>Active management</b>	A fund manager can allocate the majority in any size of the company based on their outlook	A fund manager must mandatorily allocate at least 25% in each market cap irrespective of his outlook
<b>Risk</b>	Higher risk due to flexibility in allocating a majority to small caps	Lower risk due to mandatory allocation in each market cap.
<b>Category Allocation</b>	As of 30 June 2024, the category average allocation of Flexicap is skewed toward large caps i.e., 64% and the rest in mid and small caps	As of 30 June 2024, the category average allocation of Multi Cap is more diversified across market caps with the allocation of 40%, 25%, and 30% in large, mid, and small caps respectively

## Multi Caps: Combination of Large, Mid & Small caps





## Large Cap : Aviation

- The Indian aviation market is highly underpenetrated with one of the lowest domestic and international seats per capita in the world. This provides huge headroom for growth with only 6.5% Indians holding a valid passport.
- Aviation research firm CAPA estimates that the Indian aviation passenger traffic will increase from 225m in FY24 (70m international) to 510m by FY30 (160m international).
- This growth would be enabled by accelerated infrastructure expansions, with the number of airports likely to reach 220 from 140 in CY19.
- Indian players also have robust aircraft addition plans, with domestic players accounting for ~32% of the total aircraft orders placed in CY23 (only for Boeing and Airbus). India is expected to be the third-largest country in terms of fleet size by CY35.

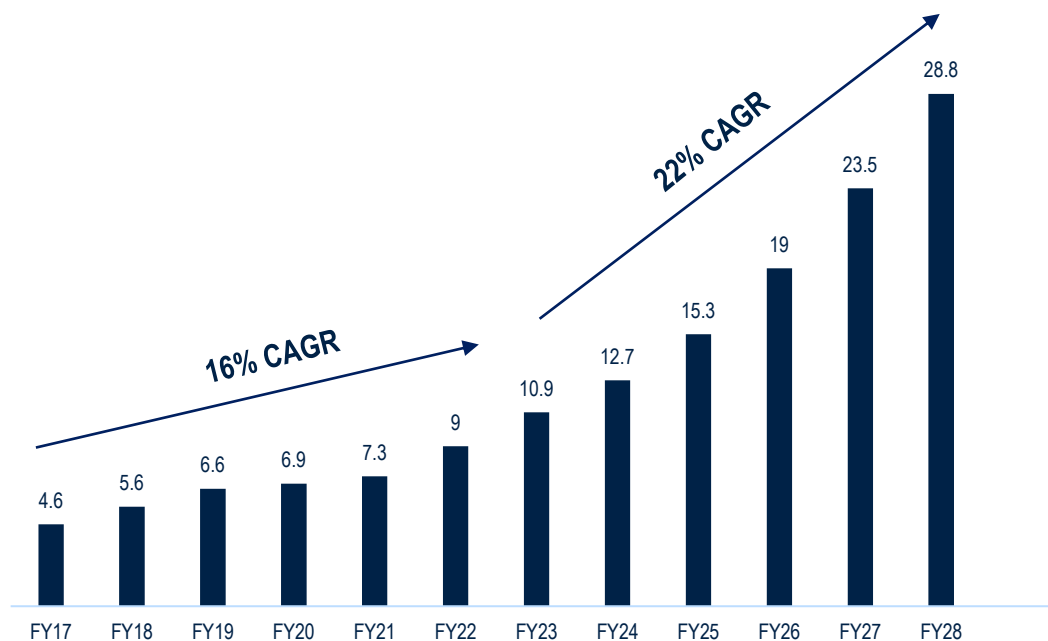
Passenger traffic carried by scheduled carriers over last ten years



## Mid Cap : Electronics Manufacturing

Healthy growth of Indian market

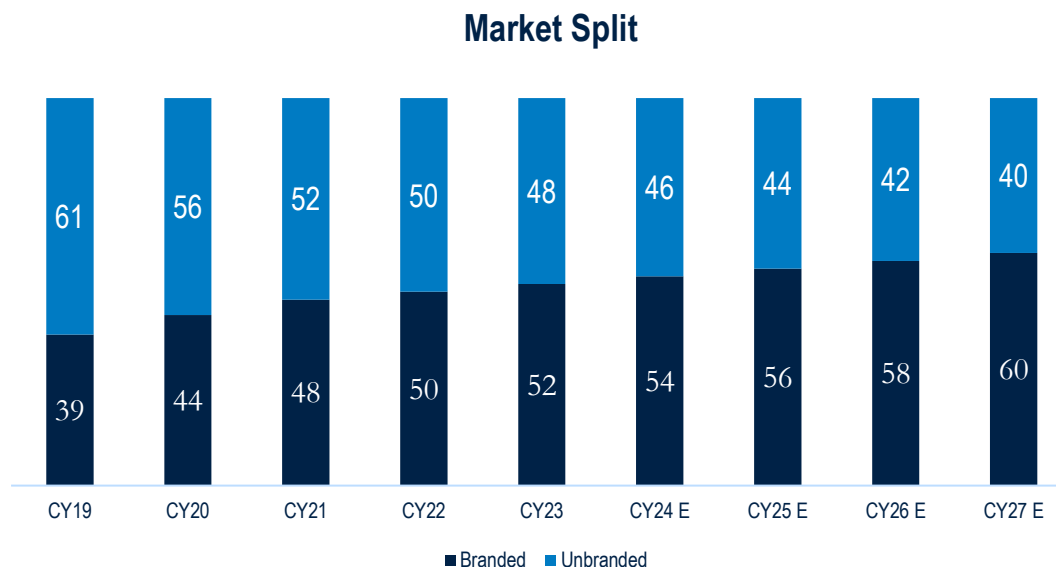
Indian Electronics Market (INR trn)



- Government has implemented a comprehensive set of incentives aimed at improving critical infrastructure and reducing manufacturing and capital expenditure costs.
- These initiatives are poised to propel strong growth (expected at 30% or more) in India's nascent Electronics Manufacturing Services (EMS) industry, potentially elevating its share in the global EMS market from 2% to 7%.
- This growth is underpinned by several factors, including (1) large captive demand (with per capita consumption of electronics only a quarter of the global average); (2) the proliferation of electronics in everyday products; (3) import substitution strategies; and (4) rising exports. Moreover, concerted efforts are being made to develop the entire EMS value chain, fostering increased value addition and the creation of a local component ecosystem, which could further enhance the industry's cost competitiveness

## Small Cap : Travel

- While we are positive on consumer discretionary sector, with that sector travel and tourism offers sustainable growth prospects.
- Sustained tailwinds of travel, reducing replacement cycles, mindset change (utility to fashion) and unbranded to branded shift have driven and will continue driving growth for branded players.
- Players with good return ratios and the ones gaining market share have done well.



**THANK YOU!**

