



PGIM
India Mutual Fund

Invest for your biggest ambitions.

PGIM India Small Cap Fund

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

Your ambitions need a platform to thrive. This fund gives you exactly that by its 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 across businesses. The fund backs small cap stocks determined to achieve big as they grow their revenues, profits and achieve scale. PGIM India Small Cap Fund provides an opportunity to invest in small businesses which may scale up into midcaps or large caps over the long term.

To know more contact your Mutual Fund Distributor or RIA.

May 2026

Registered as PGIM India Mutual Fund.
Registration Number for Mutual Funds : MF/065/10/02



Fund Manager's View

The Market that was

May 2026 reflected a consolidation phase in Indian equities, with headline indices remaining rangebound due to global uncertainty and inflation concerns. However, strong domestic liquidity and ongoing risk appetite for broader markets helped sustain broader market strength in spite of continued FPI selling.

For the month, Nifty 50 Index declined -1.9% amid continued uncertainty around a potential US-Iran peace deal and a volatile global macro backdrop. In contrast, mid-cap and small-cap indices outperformed, delivering gains of +3.2% and +0.7%, respectively.

Sectoral performance was mixed. Defensives such as healthcare (+4.9%) outperformed alongside capital goods (+4.7%) and metals (+3.7%), driven by strong domestic demand trends and earnings visibility. In contrast, PSU (-4.3%), oil & gas (-3.4%) and FMCG (-3.3%) lagged, reflecting margin pressures from fuel price increases and softer consumption sentiment.

Overall, the month marked a shift from the strong risk-on rally seen in April 2026 to a more cautious, selective market environment, with investors rotating toward defensives and earnings-resilient sectors while maintaining exposure to domestic cyclicals. consumption trends. The Q4FY26 earnings season concluded with Nifty-50 Q4FY26 earnings growth of ~6.6% YoY, pointing to moderation in large-cap earnings momentum, while mid- and small-cap companies continued to exhibit relatively stronger growth, supporting their relative outperformance.

Key developments during the month included BJP's decisive victory in the West Bengal assembly elections and policy measures impacting foreign exchange, including an increase in customs duty on gold and silver and adjustments to petroleum export duties.

Retail fuel prices were also raised by ~Rs7.5/litre during the month. Additionally, the IMD maintained its forecast for a below-normal monsoon, highlighting potential risks from a developing El Niño pattern. On the macro front, inflation trends remained elevated, with April 2026 CPI at 3.5% YoY

(vs. 3.4% in March) indicating building input cost pressures and April 2026 trade deficit widened sharply, led by a rise in oil and core (non-oil, non-gold) imports, reflecting higher costs amidst availability constraints.

For the month, FPIs were net sellers of equities with outflows at ~US\$3.4bn, while Domestic Mutual Funds bought stocks worth ~US\$4.6bn. Currency remained under pressure, with the INR continuing to depreciate versus the US dollar, reflecting global risk-off positioning and commodity-linked pressures.

Going forward






Recent months have tested Indian equities through a confluence of macro pressures like elevated crude, FPI outflows, currency weakness, and emerging uncertainties around AI-led disruption, leading to a meaningful correction and a reset in market expectations.

While these factors have weighed on sentiment and earnings visibility, many of these factors are likely cyclical and transient in nature, with domestic growth drivers such as capex, consumption and financial sector strength continuing to provide an underlying cushion.

The Q4FY26 earnings season indicated improving trends, though growth remains uneven and skewed, with large-cap earnings yet to meaningfully accelerate and forward estimates still seeing dispersion and moderation. Importantly, H1FY2027 is likely to reflect adverse impact on corporate earnings driven by geopolitical disruptions, higher input costs and lingering external uncertainties, creating near-term volatility.

That said, the recent correction has helped remove excess froth, especially in lower quality segments and brought valuations closer to more reasonable levels. In this backdrop, market timing remains less effective, and a more pragmatic approach is to gradually deploy capital as risk-reward becomes more balanced. We see a relatively stronger case for growth and quality businesses, where earnings visibility and valuation comfort are better aligned for long-term compounding.

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 auto 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.

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) Principle
 - 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.pgimindia.com/mutual-funds

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

Portfolio Positioning

Top Sectors Overweight	% Overweight	Top Sectors Underweight	% Underweight
Consumer Staples	3.63	Financials	5.82
Health Care	2.48	Materials	3.35
Industrials	1.84	Energy	2.02
Top 5 Stocks Overweight	% Overweight	Top 5 Stocks Underweight	% Underweight
Multi Commodity Exchange of India Limited	3.11	Sona BLW Precision Forgings Ltd.	1.31
Sansera Engineering Limited	2.46	Delhivery Limited	1.29
MTAR Technologies Ltd.	2.36	Piramal Finance Limited	1.16
Krishna Institute of Medical Sciences Limited	2.30	Central Depository Services (India) Limited	1.08
Solar Industries India Limited	2.17	Angel One Limited	1.03

The above weights are in comparison to the benchmark. Source: Bloomberg and Internal Research. The above data is as on May 31, 2026.

Portfolio Metrics

	Portfolio	NIFTY Smallcap 250 TRI
FY24-26E EPS CAGR	34.4%	26.4%
Debt / Equity (ex-financials)	0.56	0.47
FY 26E Price / Earning Ratio	42.1	24.8
Beta	0.82	1.00

Source: Bloomberg and Internal Research. The above data is as on May 31, 2026.

Portfolio Composition

	Portfolio	NIFTY Smallcap 250 TRI
Number of stocks	66	249
Active Share	80.13%	
Large caps (1st-100th stock)	5.37%	0.00%
Mid caps (101st-250th stock)	19.67%	5.08%
Small caps (251st stock onwards)	71.10%	94.92%
Cash, Current Assets & Gsec	3.86%	0.00%
Market Cap yet to be classified by AMFI	0.00%	0.00%
Top 10 holding	25.7%	11.5%
Weighted Avg Market Cap - Crore	44,394	22,346

Source: Bloomberg and Internal Research. The above data is as on May 31, 2026.

Portfolio (Top Ten Holdings) as on May 31, 2026





Issuer	% to Net Assets
Krishna Inst of Medical Sciences Ltd.	3.28
Navin Fluorine International Ltd.	2.94
Multi Commodity Exchange Of India Ltd.	2.88
Sansera Engineering Ltd.	2.72
MTAR Technologies Ltd.	2.63
Solar Industries India Ltd.	2.32
Triveni Turbine Ltd.	2.31
JB Chemicals & Pharmaceuticals Ltd.	2.29
Sai Life Sciences Ltd	2.24
Sedemac Mechatronics Ltd.	2.06

Please visit <https://www.pgimindia.com/mutual-funds/disclosures/Portfolios/Monthly-Portfolio> for complete details on portfolio holding of the Scheme.

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

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.

Fund Facts

Investment Objective	To achieve long term capital appreciation by predominantly investing in equity and equity related instruments of small cap companies. However, there is no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/indicate any returns.
Fund Managers	 Utsav Mehta  Vivek Sharma  Vinay Paharia  Puneet Pal
Benchmark Index	NIFTY Smallcap 250 TRI
Minimum Application Amount	Initial Purchase/ Switch-in - Minimum of Rs. 5,000/- and in multiples of Re. 1/-thereafter. For SIPs (Monthly and Quarterly) - 5 Instalments of Rs. 1,000/- each and in multiples of Rs. 1/- thereafter. Additional Purchase - Minimum of Rs. 1,000/- and in multiples of Re. 1/-thereafter
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 part of PGIM, the global investment management arm of Prudential Financial, Inc. (PFI), with over **\$1.4 trillion** in assets under management. PGIM India Asset Management offers a comprehensive range of equity and fixed income solutions through mutual funds, alternatives, and portfolio management services. Leveraging PGIM's shared legacy of **150+** years and expertise across more than 30 market cycles, PGIM India combines global insights with local investment expertise to provide an enriching investment experience. Headquartered in Mumbai, the fund house operates across **25 cities** in India, managing 25 open-ended funds.

Source: www.pgim.com. As on 31/03/2026.

www.pgimindia.com/mutual-funds

 1800 209 7446

Follow us on:     

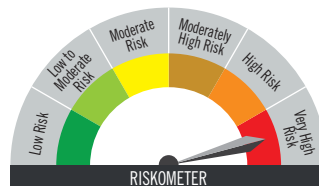
Riskometer

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

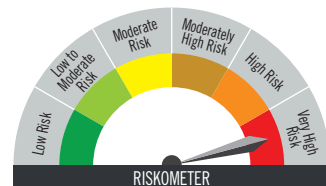
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Scheme Riskometer



The risk of the scheme is very high

Benchmark Riskometer



The risk of the benchmark is very high
AMFI Tier 1 Benchmark -NIFTY Smallcap 250 TRI

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. Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of the PGIM India Mutual Fund ("Fund").

© Prudential Financial, Inc. (PFI) and its related entities. PGIM, the PGIM logo, and the Rock symbol are service marks of Prudential Financial, Inc., and its related entities, registered in many jurisdictions worldwide.

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