

PGIM INDIA DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration.
A relatively high interest rate risk and relatively low credit risk scheme.

Rated AAAMfs by ICRA##

March 2024



PGIM
India Mutual Fund

Why invest in PGIM India Dynamic Bond Fund?

- PGIM India Dynamic Bond Fund is rated as [ICRA] AAAMfs denoting the highest level of safety regarding timely receipt of payments from the investments the scheme has made.
- PGIM India Dynamic Bond Fund is an actively managed duration fund. The Fund seeks to generate Alpha by taking calls based on active duration / interest rates or on spreads between the curves (that is, the AAA and Government securities) or on the shape of the yield curve.

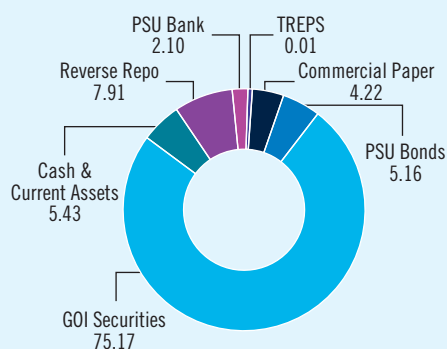
Portfolio Positioning*

- The Fund typically invests predominantly in Government Securities and AAA rated High Quality PSU / Corporate Bonds. The Fund is an actively managed duration fund.

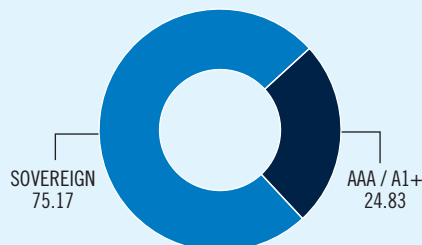
Who should invest?

PGIM India Dynamic Bond Fund is meant for investors who are averse to holding credit risk but who have an appetite to handle volatility arising from duration risk in the portfolio. Ideally meant for investors with a horizon of 18 months and longer.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Fund Details

AUM as on March 31, 2024 (₹ in Crore):	117.09
For the Debt Portfolio	
Portfolio Yield (%)	7.27
Modified Duration (years)	7.38
Average Portfolio Maturity (years)	16.02
Macaulay Duration (years)	7.66

Portfolio Holdings

Issuer	% to Net Assets	Rating
7.18 G Sec Mat 2037	41.15	SOV
7.25 GOI Mat 2063	22.73	SOV
7.18 GOI Mat 2033	10.77	SOV
Rural Electrification Corporation Ltd.	5.16	CRISIL AAA
L&T Finance Holdings Ltd.	4.22	CRISIL A1+
National Bank For Agriculture & Rural Development	1.27	CRISIL AAA
State Bank Of India	0.83	CRISIL AAA
6.99 GOI Mat 2051	0.27	SOV
7.41% GOI 2036	0.17	SOV
7.26 GOI Mat 2033	0.07	SOV

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

This scheme has exposure to floating rate instruments and / or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be lesser than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the scheme as well and exercise adequate due diligence when deciding to make their investments

All the above data are as on March 31, 2024.

* These are based on fund manager's current outlook & Subject to change.

Fund Manager's View

- Indian bond markets were stable and rangebound during the month. Most of the action was concentrated in the money market segment where yields were volatile, as is normally the case during financial year end. The economic data continued its strong run with the composite PMI number staying above 60 after the strong GDP data earlier. IIP and inflation numbers were in line with expectations. Core inflation came in at 3.35%, near all-time low. Current Account Deficit (CAD) was also steady at 1.20% of GDP in Q3-FY24, as services and remittance flows negated a sequentially higher trade deficit. CAD is expected to be in the vicinity of 1% in FY24. Strong GDP growth, stable inflation and external position underscore the current strong macroeconomic position of India. Indian FAR (Fully Accessible Route) bonds were included in the Bloomberg EM local currency government index with a start date of January 31, 2025. The weight of the Indian FAR bonds will be 10%, and will reach their full weightage exposure by November 2025. While the initial news flash had come earlier, in January, the flows are not expected to be significant since the inclusion, as for now the flows are limited to EM local currency government index. However, this is definitely a positive step closer to inclusion in the bigger Bloomberg Global Aggregate Index. The flows expected from this inclusion are around USD 3-4bn, but as highlighted this inclusion can be the catalyst for subsequent inclusion into the larger global aggregate index. Since the announcement of the inclusion of Indian sovereign FAR bonds in the JP Morgan EM Index last year, FPI inflows into the bond markets have topped USD 10bn.
- The yield curve, which had bull flattened after the presentation of the Union Budget, on 1st February 2024, continued to remain flat as the demand supply dynamics remained favourable with the central government borrowing calendar for H1-FY25 came in lower than expected at INR 7.5 trn which is 53% of the total gross borrowings budgeted for FY25. The market was expecting the H1-FY25 borrowings at around 58-60% of the total gross borrowings. In terms of percentage borrowing for the first half, this is the lowest since FY19. The supply in the 10 yr segment is the highest at 25.60% of the total H1-FY25 supply. Supply in the 30-50 yr segment is at 37.30% of total H1 supply. The indicative calendar for gross SDL borrowing for Q1-FY25 came in at INR 2.54 trn, which is slightly higher than expectations.

State Government (SDL) supply picked up sharply towards the end of the month with more than INR 1.50 trn of SDL issuance in the last two weeks of the month, which pressurised the longer end of the curve.

- PFI inflows into debt continued, but lagged the pace of the first two months of CY24 with USD 1.64 bn inflow in bonds in March. INR weakened to an all-time low against the US Dollar, touching 83.43 even as India's FX reserves rose to an all-time high of USD 642 bn. Most of the Asian currencies were weaker on back of the weakness in the Chinese currency and INR also came under pressure as a result.
- The 1 yr OIS was up 1 bps, closing at 6.75% at March end while the 5 yr OIS was at 6.35%, down 1bps compared to February. While the benchmark 10 yr bond yield was down 2 bps the 15 year segment outperformed. Most of the action was in the money market segment (up to 1 year maturity) where yields were volatile owing to the financial year-end related liquidity woes that pushed down yields by 20-30 bps across the money market curve at March end.
- Bank of Japan ended its negative interest rate policy, which the markets were expecting, while the US Fed stuck to its forecast of 3 rate cuts, later in the year, in a close 10-9 decision. US economic data continues to be quite robust with sticky inflation leading the US bond markets to scale back their expectations of rate cuts this year. The bond markets, which were pricing in almost 150 bps of rate cuts in 2024 at the start of the year are now pricing in around 75 bps of rate cuts. At 4.20% towards end of the month, the benchmark US 10 yr yield was lower by 5 bps.
- Going ahead, we believe that RBI is likely to be on a long pause and is likely to start cutting rates only after the developed market central banks start the rate-cutting cycle. Given the current growth-inflation dynamics in India, we believe rate cuts will start from Q3 of CY2024 onwards. Markets tend to react before the start of a rate cutting cycle and the current yield levels offers a good opportunity for investors to increase their allocation to fixed income as real and nominal yields remain attractive with favourable demand-supply dynamics playing out in the sovereign bond market.

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 22 open-ended funds operated by 13 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.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
Money market instruments & Debt Securities	0%	100%	Medium

Please refer to the Scheme Information Document for more details on asset allocation.

Key Features



Benchmark index:

CRISIL Dynamic Bond Fund AIII Index@
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Composite Bond Fund Index to CRISIL Dynamic Bond Fund AIII Index.)



Fund Manager:

Mr. Puneet Pal and
(w.e.f. September 13, 2022) Mr. Bhupesh Kalyani



Exit load: Nil

Potential Risk Class

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	A-III		

Macaulay Duration: The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

##ICRA has assigned the "[ICRA] AAAMfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Dynamic Bond Fund. Schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made. The ratings should, however, not be construed as an indication of the performance of the Mutual Fund scheme or of volatility in its returns. For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications. ICRA Credit Quality Rating Methodology for debt mutual fund schemes. ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories for various maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

pgim india mutual fund



1800 2667 446

Connect with us on:



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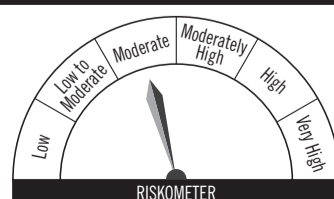
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Riskometer

This product is suitable for investors who are seeking*:

- Regular income for short term
- To generate returns through active management of a portfolio of debt and money market instruments
- Degree of risk – MODERATE

*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 moderate risk