PGIM
India Mutual Fund

PGIM INDIA DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

Rated AAAmfs by ICRA##

July 2019

Why invest in PGIM India Dynamic Bond Fund?

PGIM India Dynamic Bond Fund is an active duration management fund that aims at benefiting from any interest rate environment.

- Rising Interest Rate Environment: The Fund seeks to invest in short duration investments which endeavour to provide reasonable returns and avoid any capital loss when the interest rates rise.
- Lowering Interest Rate Environment: The Fund will take positions in long dated debt securities and generate capital gains when the Interest rates fall.
- Range bound Interest Rate Environment: The Fund will actively trade to capture opportunities arising from our volatile market environment.
- PGIM India Dynamic Bond Fund is rated as [ICRA] AAAmfs denoting the highest level of safety regarding timely receipt of payments from the investments that they have made.

Investment Strategy

- PGIM India Dynamic Bond Fund is a medium to long-term investment option that provides the flexibility to counter a dynamic environment by actively managing its portfolio in line with the evolving interest rate scenario.
- PGIM India Dynamic Bond Fund follows an active duration management strategy.
- The fund manager/s will actively monitor and review markets and portfolios so that necessary rebalancing of the portfolios can be done.

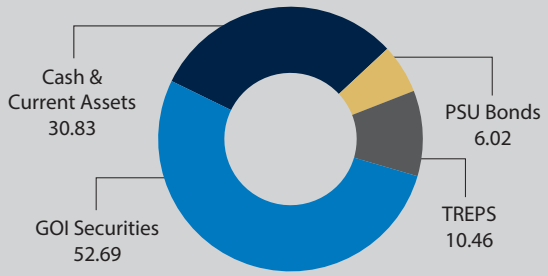
Portfolio Positioning*

- The Fund typically invests predominantly in Government Securities and High Quality Corporate Bonds.

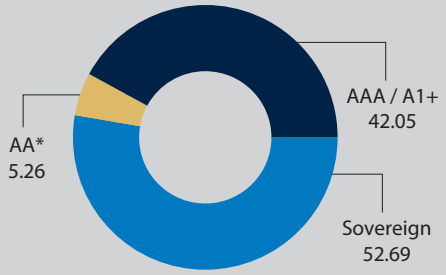
Who should invest?

PGIM India Dynamic Bond Fund is suitable for investors looking at benefiting from interest rate movements.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



*AA includes securities rated as AA and AA-

Fund Details

AUM as on July 31, 2019 (₹ in Crore):	40.87
For the Debt Portfolio	
Portfolio Yield (%)	6.61%
Modified Duration (years)	3.14
Average Portfolio Maturity (years)	4.23

Portfolio Holdings

Issuer	% to Net Assets	Rating
GOI Securities	**52.69**	
7.17 Govt. Stock 2028	25.71	SOV
7.26% GOI Mat 2029	14.30	SOV
7.37 Govt Stock Mat 2023	12.68	SOV
PSU Bonds	**6.02**	
Bharat Petroleum Corporation Ltd.	0.76	CRISIL AAA
UP Power Corporation Limited	0.24	AA(IND)(SO)
Union Bank Of India	5.02	IND AA
TREPS	**10.46**	
Cash & Current Assets	**30.83**	
Total	**100.00**	

All the above data are as on July 31, 2019

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

Fund Manager's View

Macro Review

CPI remained within RBI's projection for June 2019 (released in July 2019) printing at 3.18%. It was the tenth consecutive reading below 4%, being RBI's medium term CPI target.

Core CPI Inflation moderated further to 4.1%, we expect Core Inflation to moderate further, given the continued weakness in the economy.

Liquidity and Rates

Liquidity conditions improved during the month of July as government spending came back to the system, RBI has also indicated that they are ok with a higher core liquidity surplus in the system. Core Liquidity Surplus stands at INR 1 lac cr. (1 trn)

Crude oil prices fell by 2% during the month of July as excess supplies persisted and trade tensions between US and China took centerstage helped ease the pressure on oil prices, overshadowing the effect of the sanctions on Iranian Oil.

The rupee was stable during the month as crude oil came down and FII flows continued during the month.

Bond yields fell sharply during the month after the budget announcement keeping the fiscal deficit target of 3.3% and also announcing a foreign currency denominated sovereign bond issue. The bond markets caught a bid after that and yields rallied sharply by 50 bps. There were renewed concerns on global growth with bond yields across the globe coming down with the US Fed cutting the benchmark rate by 25bps.

Outlook

The benchmark 10yr Bond yield has come down by 85 bps over the last two months and we expect the market to consolidate now with the 10yr benchmark yield to range between 6.25% to 6.50% over the next couple of months. The curve has steepened a bit over the last fortnight and we expect the curve to steepen further.

We do not expect Government to issue Sovereign Bonds this fiscal year (given the conflicting noises coming form govt) and given the slowdown in the economy, fiscal concerns can re-emerge in the second half of the financial year.

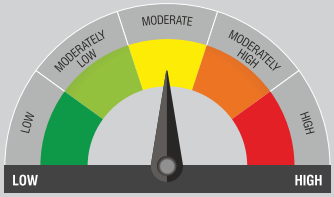
Currently the Core system liquidity is positive to the extent of INR 1 trn which will continue to support the yields.

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

Key Features

Benchmark index:
CRISIL Composite Bond Fund Index

Exit load:
If the units are redeemed on or before 30 days of allotment – 1%,
If the units are redeemed after 30 days – Nil

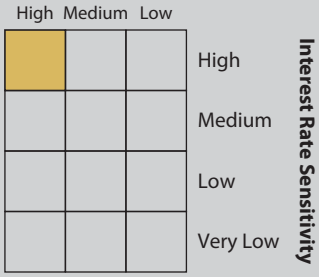
Fund Manager:
Mr. Puneet Pal

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.

Investment Style Box



#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.

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

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