MUTUAL FUNDS Sahi Hai

PGIM India Mutual Fund

PGIM INDIA INSTA CASH FUND

An Open Ended Liquid Scheme

Rated AAAmfs by ICRA##

October 2020

Why invest in PGIM India Insta Cash Fund?

PGIM India Insta Cash Fund is a low risk fund that seeks to generate steady returns with high liquidity by investing in a portfolio of short term, high quality money market and debt instruments. The portfolio is rated AAAmfs by ICRA, denoting the highest degree of safety regarding timely receipt of payments from the investments that they have made.

Investment Strategy

- PGIM India Insta Cash Fund seeks to deliver reasonable market related returns with lower risk and higher liquidity through a portfolio of debt and money market instruments.
- Fund managers will manage portfolios based on the outlook on interest rates and liquidity etc. Such outlook will be developed by in-house assessment of various macro factors like economic growth, inflation, credit pick-up, liquidity and other such factors as considered relevant.
- Fund managers will actively monitor and review markets and portfolios so that necessary rebalancing of the portfolios can be done.
- The portfolio comprises of securities with a residual maturity of upto 91 days

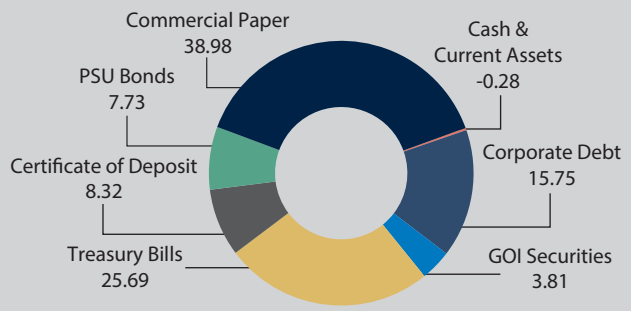
Portfolio Positioning*

- Major portion of the fund is invested in Commercial Papers and T-bills.
- 100% of the portfolio is invested in AAA/A1+ rated securities and Sovereign Bonds

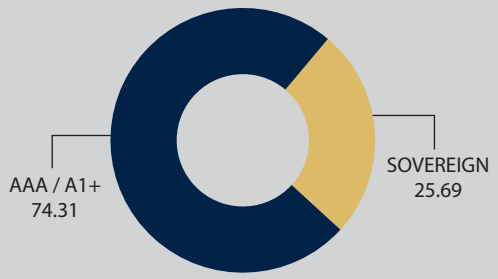
Who should invest?

PGIM India Insta Cash Fund is ideal for investors looking at managing their short term liquidity requirements

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Fund Details

AUM as on October 30, 2020 (₹ in Crore):	630.37
For the Debt Portfolio	
Portfolio Yield (%)	3.24
Modified Duration (months)	1.68
Average Portfolio Maturity (months)	1.68
Macaulay Duration (months)	1.68

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
182 Days Tbill Mat 2020	13.60	SOV
Kotak Mahindra Prime Ltd	9.45	CRISIL AAA
NTPC Ltd.	7.65	CRISIL AAA
91 Day Tbill Mat 2021	7.54	SOV
Aditya Birla Housing Finance Ltd	7.53	IND A1+
TV18 Broadcast Limited	7.53	CARE A1+
Reliance Industries Ltd.	7.28	CRISIL A1+
L&T Infrastructure Finance Company Ltd	6.82	ICRA A1+
8.12% GOI Mat 2020	3.81	SOV
Reliance Industries Ltd.	3.81	CRISIL AAA

All the above data are as on October 30, 2020. * These are based on fund manager's current outlook & Subject to change.

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.

Fund Manager's View

Macro Review

- CPI for September 2020 inched higher touching 7.34% (from 6.69% in August), primarily from pressures on food and vegetable inflation. Supply chain disruptions continued to impact inflation.
- A large part of the price rise in the first half of the fiscal has been observed in food and agri items such as rice, proteins. Besides, higher safety-related protocols have been adding to costs, compounded by labor shortages, higher cost of medical services and sporadic local lockdowns in many parts of the country.
- Prices of veggies are expected to start moderating starting December / January as supply chains normalize gradually. Among non-food articles, gold and fuel prices have remained firm in FY21, pushing up CPI
- However, headline CPI in the second half of FY21 is expected to remain elevated given the still positive sequential monthly momentum. CPI forecast for Q3-FY21 is between 5.5-6.0% and likely to moderate to 4.5%-5.0% by the fourth quarter.

Liquidity and Rates

- Liquidity conditions remained in surplus mode improving further to a monthly average of INR 4.05 trillion in October as against INR 3.31 trillion and INR 3.68 trillion in September and August, respectively.
- Positive liquidity balances are consistent with the RBI guidance on easy liquidity stance for the near to medium term.
- The year has seen a significant build-up in FX reserves given an improving current account position (from a shrinking trade deficit and strong remittances) and strong FDI flows (helping the Capital account).
- Balance of Payments for Q1 rose to USD 19.8 bn, being the sixth consecutive positive quarter. For the full year FY21, current account is expected to post a surplus of 0.3% of GDP vs a deficit of 0.9% in FY20.
- For, Q1 – FY21, India has also posted a positive current account balance which is expected at +1.2% of GDP in FY21 aided by reasonably strong inward remittances and a shrinking merchandise trade deficit.
- RBI has thus far been reluctant to allow an appreciation of the INR in the midst of strong dollar inflows. This has reflected in a rising reserves position (as RBI keeps buying dollars).
- Towards the end of October 2020, increase in currency in circulation (CIC) stood at INR 4.57 tn over a year earlier, representing a 20.48% increase over the base last year.
- A large part of the increase in CIC this fiscal occurred in the April to June quarter, at the peak of the lockdown and the massive migration of labor from urban cities to their villages.
- The pace moderated in Q2 and barring some spike during the festive season we expect the trend to decline.

Outlook

- The first half borrowing (gross / net - INR 7.7 tn / INR 6.4 tn) was executed peacefully, helped by RBI's easing measures, surplus liquidity, regulatory relaxations (higher MTM limits for banks to hold G secs) and yield management measures (Open Market operations – OMOs). Bank investments in Govt bonds, for instance, have seen a sustained rise from 26.2% in Jan 2020 to 29.3% in September 2020.
- This is well in excess of the 18% SLR threshold. Excess holdings have been possible given the lack of credit demand and the higher MTM dispensation (from 19.5% to 22.5%) until March 2022, which reduces the market risk and losses for banks in the event of adverse rate movements.
- The MPC meeting in early October was also highly dovish, with the committee pledging its support to boost growth through keep an accommodative stance for as long as was necessary to revive growth.
- We expect the belly of the curve (5-14 years) to remain supported by RBI to push the Govt / SDL borrowing program in a non-disruptive manner. As such, yields are expected to move in a narrow band as OMOs (in Govt bonds and SDLs) could be undertaken to cool off any yields.

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 Mutual Fund offers a broad range of equity and fixed income solutions to retail and institutional investors throughout the country. We manage 20 open-ended funds operated by 14 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 140-year legacy to build on its decade long history in India.

PGIM is the global investment management business of PFI, one of the top 10 investment managers* with over USD 1.4 trillion[1] in asset under management. PGIM offers a wide range of actively managed asset classes and investment styles including Equities, Fixed Income and Real Estate. PGIM employs over 1300+ investment professionals serving investors in 52 countries and follows a multi-manager model with strong capabilities beyond traditional assets.

Source: pgim.com *Pensions & Investments Top Money Managers list, June 1, 2020; ranking reflects largest money managers by assets under management as of March 31, 2020; based on PFI total worldwide assets under management as of March 31, 2020. [1]All Information as of June 30, 2020.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
Debt and Money Market Instruments	0%	100%	Low to Medium

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

Key Features

Benchmark index:
CRISIL Liquid Fund Index

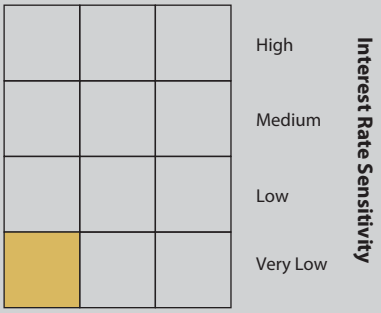
Fund Manager:
Mr. Kumaresh Ramakrishnan and Mr. Kunal Jain

Exit load:

Investor exit upon subscription	Exit load as a % of redemption / switch proceeds
Day 1	0.0070%
Day 2	0.0065%
Day 3	0.0060%
Day 4	0.0055%
Day 5	0.0050%
Day 6	0.0045%
Day 7	0.0000%

No exit load will be charged for switches and STP between Schemes of PGIM India Mutual Fund except from PGIM India Insta Cash Fund.

Investment Style Box

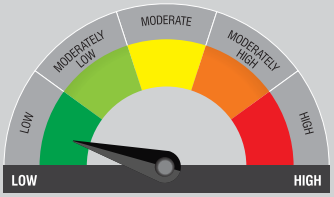


Riskometer

This product is suitable for investors who are seeking*:

- Liquidity and generate income in the short term
- Investment in debt and money market securities with maturity upto 91 days only
- Degree of risk – LOW

*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 low risk

#ICRA has assigned the "[ICRA] AAAmfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Insta Cash 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.