



# PGIM INDIA LOW DURATION FUND

An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively low interest rate risk and moderate credit risk scheme.

December 2021

## Why invest in PGIM India Low Duration Fund?

PGIM India Low Duration Fund is a fund that seeks to generate income by investing primarily in low duration debt and money market instruments.

### Investment Strategy

- The key element of the investment strategy for the fund is the identification of high quality issuers in the short duration space with rating primarily in the AA+ and AA category.
- The scheme is actively managed both for credit and rates.
- A variety of macro parameters that are likely to impact rates are routinely assessed while internal rating models are employed to evaluate and monitor credit risk of the underlying holdings in the fund.
- Strict portfolio discipline and actively managed mark to market holdings help in moderating the return volatility.

### Portfolio Characteristics\*

- The lowest rating in corporate bond holdings in the fund would be AA-
- Macaulay Duration of the fund will range from 6 to 12 months

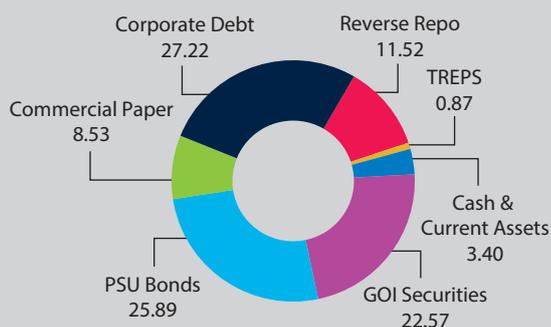
### Portfolio Positioning\*

- To maintain liquidity in the portfolio at all times, the portfolio will comprise of holdings in CDs and CPs. And for the purpose of generating carry for the fund, investments would be made in short tenor corporate bonds in the AAA and AA categories.
- Given the relatively shorter tenor of the product, liquidity and credit safety are primary considerations in the construct of the fund.

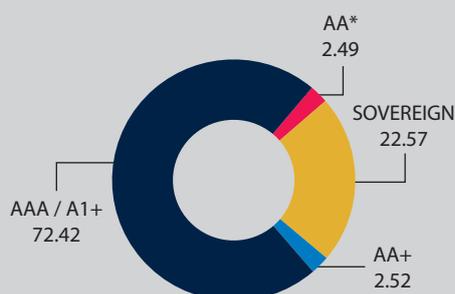
## Who should invest?

PGIM India Low Duration Fund is ideal for investors seeking to invest in a portfolio of debt and money market instruments for an investment horizon of 6 to 12 months.

### Asset Allocation (% AUM)



### Credit Quality Profile (% AUM)



\* AA include securities rated as AA and AA-

## Fund Details

AUM as on December 31, 2021 (₹ in Crore): 80.48

### For the Debt Portfolio

Portfolio Yield (%)	4.43
Macaulay Duration (months)	7.68
Modified Duration (months)	7.18
Average Portfolio Maturity (months)	7.80

## Portfolio Holdings

Issuer	% to Net Assets	Rating
6.58 Odisha SDL Mat 2022	12.51	SOV
Small Industries Development Bank Of India	7.56	CARE AAA
Rural Electrification Corporation Ltd.	6.92	CRISIL AAA
Britannia Industries Limited	6.45	CRISIL AAA
Government Of India - Gilts - 6.84% 2022	6.36	SOV
Bajaj Housing Finance Ltd	6.31	CRISIL AAA
Indian Oil Corporation Ltd.	6.24	CRISIL AAA
LIC Housing Finance Ltd.	6.07	CRISIL A1+
L And T Finance Ltd (Old Name Family Credit Ltd)	5.66	ICRA AAA
Food Corporation Of India	4.54	CRISIL AAA (SO)

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

## Fund Manager's View

- Indian bond yields were higher by 12 to 18 bps across the curve during the month of December 2021 as RBI announced that it will start to absorb a higher amount of liquidity in variable reverse repo auctions. This means that RBI can make the Policy Repo rate operational over the course of the next two months, even as RBI was dovish and retained its accommodative stance. Concerns on the new COVID 19 Variant were largely ignored by the bond market and by the end of the month bond yields started to rise worldwide as the US Fed turned more hawkish and Bank of England surprised by hiking rates. The next big trigger for the Indian Bond markets, apart from the evolving situation with respect to the new Covid variant, will be the Union Budget. Markets are not pricing in extra borrowing given the decent revenue and surplus position of the government, our view is also that there won't be any surprise extra borrowing like last year. The key will be the fiscal deficit number and there also we do not expect major consolidation, expecting the FY23 fiscal deficit to come in the vicinity of 6.50%.
- INR appreciated by 1.10% during the month though it was a very volatile month. INR went to a low of 76.23 intra month as the US Dollar strengthened. INR bounced back sharply towards the end of the month ending at 74.34 from 75.17 at the start of the month. Brent crude bounced back strongly after the sharp correction of 16% last month to end the month at 77.78 up nearly 10% from the previous month closing of 70.57. PFIs continued to pull money out of Indian markets in the last month of the year with Debt outflows at USD 1.56 Bn. For Calendar year 2021, debt outflows were at USD 3.63 Bn.
- We are underweight duration as we expect yields to continue to rise, we expect Inflation to overshoot RBI expectations as the economy starts to operate at its pre-covid levels with vaccination levels increasing rapidly, though we would be closely monitoring the evolution of the new Covid19 variant.

## 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 23 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 1.5 trillion<sup>1</sup> 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 located in 39 offices across 17 countries and follows a multi-manager model with strong capabilities beyond traditional assets.

Source: [pgim.com](http://pgim.com) \*PGIM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest investment manager (out of 477 firms surveyed) in terms of global assets under management based on Pensions & Investments' Top Money Managers list published on May 31, 2021. This ranking represents global assets under management by PFI as of December 31, 2020. <sup>1</sup>All Information as of September 30, 2021.

## Asset Allocation

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

The Macaulay Duration of the portfolio will be maintained between 6 months to 12 months. Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



**Benchmark index:**  
CRISIL Low Duration Debt Index



**Fund Manager:**  
(w.e.f. December 01, 2021) Mr. Kunal Jain and Mr. Ankit Shah



**Exit load:** (w.e.f. January 10, 2022) Nil.

## Potential Risk Class

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

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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\*:

- Income over the short term
- Investment in low duration debt and money market instruments
- Degree of risk – LOW TO 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 low to moderate risk