



PGIM INDIA BANKING AND PSU DEBT FUND

An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds

Rated AAAMfs by ICRA##

March 2021

Why invest in PGIM India Banking and PSU Debt Fund?

PGIM India Banking and PSU Debt Fund is a moderate risk fund that seeks to generate income and capital appreciation by investing predominantly in debt instruments issued by banks, Public Sector Undertakings#, Public Financial institutions and Municipal Bonds.

#A Public Sector Undertaking is defined as a Company having 51% of its outstanding share capital held by the Central Government and/or State Government, directly or indirectly. (Source: www.nseindia.com - definition for Nifty PSE Index).

Portfolio Positioning* and Strategy

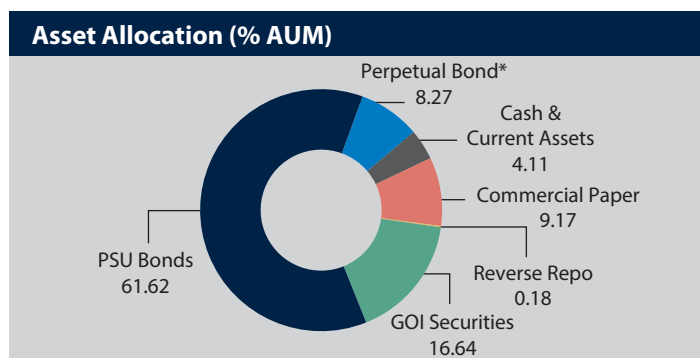
- The portfolio is positioned to benefit from any downward movement in rates and will capitalize on the steepening of the yield curve.
- Focus will be on investing predominantly in bonds issued by PSUs and various debt instruments issued by banks.
- The scheme is actively managed by the Fund Management team dynamically tracking interest rates, market movements and keeping a close watch on various parameters of the Indian economy as well as developments in global markets.
- 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 holdings help in moderating the return volatility.

Portfolio Characteristics*

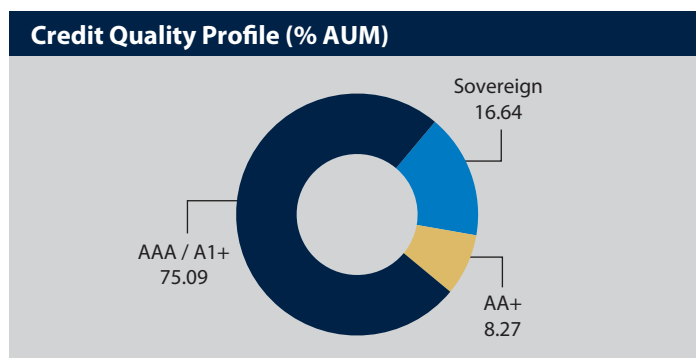
- The portfolio predominantly comprises of AAA rated securities issued by PSUs and Sovereign Bonds.
- Modified Duration of the fund will range from 1 to 4 Years

Who should invest?

PGIM India Banking and PSU Debt Fund is ideal for investors seeking to invest in a debt portfolio with a horizon of at least 1 year.



*All the perpetual bonds in PGIM India Balanced Advantage Fund are Basel III bonds.



Maturity Profile As on March 2021 (% of AUM)

0-6 M	13.46
6-12M	0.00
1-3Y	49.66
3-5Y	23.21
5Y+	5.40
Others	8.27

Fund Details as on March 2021#

Portfolio Yield (%)	5.22
Average Maturity	2.40 Years
Modified Duration	2.04 Years
Macaulay Duration	2.13 Years
Standard Deviation	0.12
Sharpe Ratio	0.15 (R)/0.17 (D)

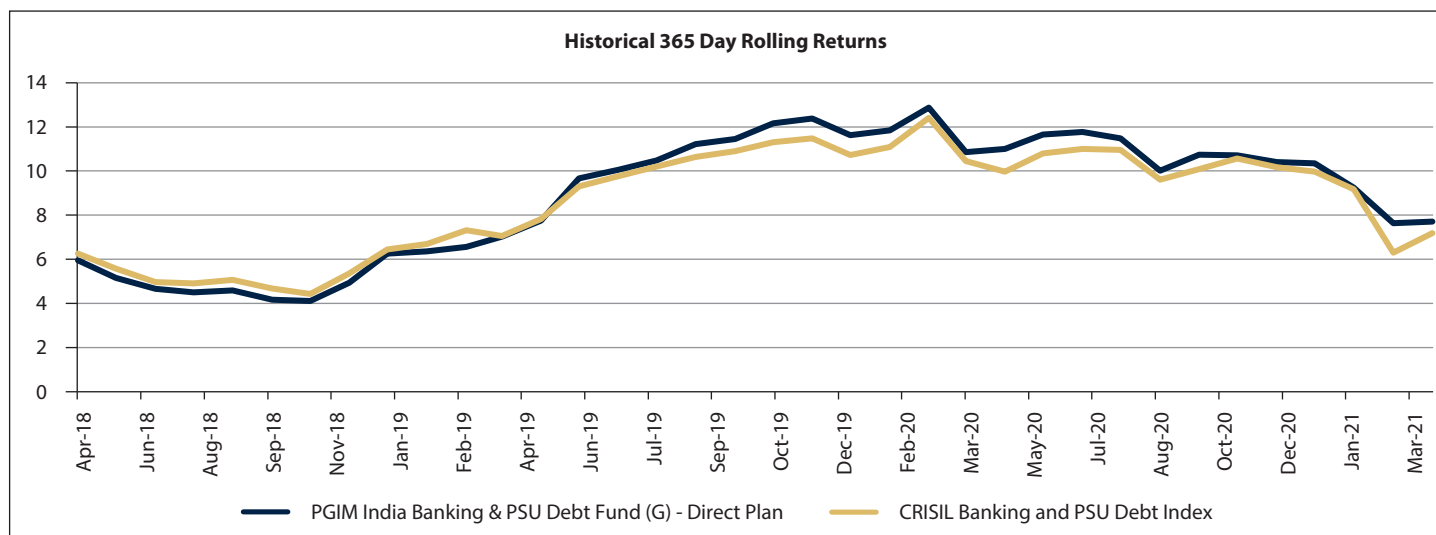
The above numbers are based on data for period March 31, 2015 to March 31, 2021.

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
Hindustan Petroleum Corporation Ltd.	10.19	CRISIL AAA
Power Grid Corporation Of India Ltd.	9.17	CRISIL A1+
Indian Oil Corporation Ltd.	8.87	CRISIL AAA
Rural Electrification Corporation Ltd.	8.46	CRISIL AAA
National Bank For Agriculture & Rural Development	7.12	ICRA AAA
5.15 GOI Mat 2025	6.00	SOV
7.27 Govt Stock Mat 2026	5.40	SOV
Indian Railway Finance Corporation Ltd	5.26	CRISIL AAA
6.69 Madhya Pradesh SDL 2025	5.24	SOV
Power Finance Corporation Ltd.	5.16	CRISIL AAA

All the above data are as on March 31, 2021. * These are based on fund manager's current outlook & Subject to change.

Historical Rolling Returns



The above historical returns are rolling returns for the Direct Plan - Growth Option and for the period beginning April 30, 2018 to March 31, 2021. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Performance

Period	Fund		CRISIL Banking & PSU Debt Index ^		CRISIL 1 Year T-Bill Index#	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
Regular Plan - Growth Option						
Last 1 Year	7.21	10,720.51	7.20	10,720.45	4.66	10,466.14
Last 3 Years	8.16	12,655.11	8.45	12,758.37	6.49	12,077.93
Last 5 Years	7.78	14,548.26	8.47	15,016.43	6.51	13,707.91
Since Inception	8.25	18,939.54	8.78	19,698.92	6.86	17,069.51
Direct Plan - Growth Option						
Last 1 Year	7.71	10,771.01	7.20	10,720.45	4.66	10,466.14
Last 3 Years	8.69	12,842.18	8.45	12,758.37	6.49	12,077.93
Last 5 Years	8.31	14,910.35	8.47	15,016.43	6.51	13,707.91
Since Inception	8.77	19,684.51	8.78	19,698.92	6.86	17,069.51

Date of Inception: Regular Plan: March 11, 2013; Direct Plan: March 11, 2013. CAGR – Compounded Annual Growth Rate.

^ Scheme Benchmark. # Standard Benchmark. *Based on standard investment of ₹ 10,000 made at the beginning of the relevant period. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Returns for the benchmark have been calculated using TRI values.

Puneet Pal is managing this fund since December 2017. Different plans have a different expense structure. The above returns are as on March 31, 2021.

Performance of other funds managed by Fund Manager Puneet Pal as on March 31, 2021

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
PGIM India Premier Bond Fund	7.73	7.17	6.97	December 2017
CRISIL Composite Bond Fund Index^	7.69	8.99	8.62	
PGIM India Short Maturity Fund*	6.49	3.56	5.37	December 2017
CRISIL Short Term Bond Index^	7.80	8.39	8.08	
PGIM India Dynamic Bond Fund	5.50	8.09	8.25	December 2017
CRISIL Composite Bond Fund Index^	7.69	8.99	8.62	
PGIM India Gilt Fund	5.01	7.71	7.65	December 2017
CRISIL Dynamic Gilt Index^	6.49	9.00	8.21	

^ Benchmark. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The above returns are of Regular Plan - Growth Option of respective schemes. All the above returns are CAGR. CAGR - Compounded Annual Growth Rate.

Performance of other schemes managed by the Fund manager are sorted on the performance of the last 1 year ending on March 31, 2021.

Different plans have a different expense structure. Returns for the benchmark have been calculated using TRI values.

Mr. Puneet Pal is managing 5 schemes of PGIM India Mutual Fund. *Jointly managed by Kumaresh Ramakrishnan.

On account of difference in scheme features, the performance of these schemes are not strictly comparable.

Please refer www.pgimindiafm.com for details on performance of all schemes (including Direct Plan).

Fund Manager's View

Inflation

- After the CPI softened in January 2021 (at 4.06%), it moved higher again at 5.03% in February. The uptick was broad-based with rise in prices across the board.
- Surprisingly, food prices declined on a sequential basis (by 0.44%), although they rose annually (up 4.25%). Furthermore we expect the winter harvest to keep food inflation in check until the start of the summer months.
- Fuel inflation on the other hand rose both sequentially and annually as the fuel basket witnessed an upward pressure on the back of rising global crude prices.

Rates and liquidity

- After a weak February, yields stabilised in March on the back of continued RBI action. Towards the latter part of the month, RBI also cancelled its last bond auction. This was well received by the market, which led to a strong rally, with benchmark yields coming off by 8-10 bps.
- The auction cancellation was made possible by robust Government cash balances owing to surprisingly high direct and indirect tax collections, for the March quarter. Moreover, GST collections in March hit a record INR 1.24 trillion, the highest since the start of the GST regime.

- System liquidity continued to remain quite comfortable through the month. Core liquidity remained in surplus mode with LAF tracking upwards of INR 6 trillion on a consistent basis.

Outlook

- Bond yields have been anchored for now by RBI's continued intervention in the secondary markets. Borrowing calendar for the first half of FY22 does not have any major surprises, with RBI looking to mop up 60% of the aggregate requirement (of INR 12.05 trillion) in H1. There is also a higher mop up planned at the longer end of the curve. Tenors up to 3 years have the least amount of planned borrowing.
- The nature of planned market borrowing should in general lead to a natural steepening in the curve. However, much of the manner in which the yield curve reacts in FY22 will depend on RBI's intervention in the markets. The surprise element could happen from tax revenues that have been showing some buoyancy and could generate higher flows.
- Given RBI's continued reiteration of keeping yields under control, we expect pre-emptive action if yields were to rise unusually at some point. For most part however, we expect the yields to remain range bound.
- Recent reversal in global yields and a rebound in the economy and rising inflation in our view leads to an upward shift in the lower end of the band. We expect the 10-year yields to range between 6.00 – 6.50%.

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 21 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 trillion¹ 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. ¹All Information as of December 31, 2020.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
Money market and debt securities issued by Banks, Public Sector Undertakings (PSU), Public Financial institutions (PFI) and Municipal Bonds	80%	100%	Low to Medium
Other Debt and Money Market Securities	0%	20%	Low to Medium

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

Key Features



Benchmark index:
CRISIL Banking & PSU Debt Index #



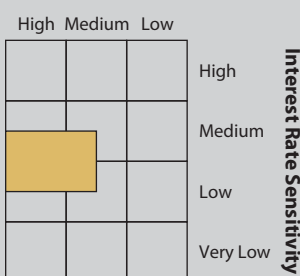
Fund Manager:
Mr. Puneet Pal



Exit load: Nil.
No exit load will be charged for switches and STP between debt schemes of PGIM India Mutual Fund except from PGIM India Insta Cash Fund.
No exit load will be charged for switches and STP from debt schemes except PGIM India Insta Cash Fund to Equity, Hybrid, FOF of PGIM India Mutual Fund.

Investment Style Box

Credit Quality



w.e.f. November 01, 2019 benchmark of the scheme has been changed from CRISIL Short Term Bond Fund Index to CRISIL Banking & PSU Debt Index

##ICRA has assigned the "[ICRA] AAAMfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Banking and PSU Debt 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.

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Riskometer

This product is suitable for investors who are seeking*:

- Income over the short term
- Investment in debt instruments issued by Banks and Public Sector Undertakings, Public Financial institutions and Municipal Bonds
- 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

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.