



PGIM INDIA MONEY MARKET FUND

An open ended debt scheme investing in money market instruments

March 2021

Money Market Fund – An unconstrained option for the short term

A Money Market (MM) Fund is permitted to invest in money market instruments which are essentially discounted instruments viz. bank certificates of deposits, Commercial papers, T-bills etc. These instruments can be issued for a maximum maturity of 1 year. The fund enjoys investment flexibility since it can invest in instruments with 1 year tenor.

Opportunity due to excess liquidity and prevailing easy monetary conditions

- The April 2021 MPC meet reiterated the commitment to keeping rates unchanged and the stance accommodative while assuring surplus liquidity to the markets.
- Although the RBI stated its desire to progress further on liquidity normalization by commencing longer variable rate reverse repo auctions, it has stated that this would be non-disruptive to markets.
- The longer term govt bond buying program is also a liquidity tool that is proposed to be combined with OMOs, Special OMOs (Operation Twists) and other LAF operations.
- The undertone of the policy was clearly dovish, with growth assuming a priority and liquidity like to remain clearly in surplus mode for the foreseeable future.

Why invest in PGIM India Money Market Fund?

The PGIM India Money Market fund is a “low to moderate volatility” fund that seeks to deliver reasonable market related returns through investments in money market instruments such as Commercial Papers, Bank Certificate of Deposits and T bills, all instruments with a maximum tenor of an year.

The fund will limit its Macaulay Duration to 1 year in line with the regulatory guidelines for the category.

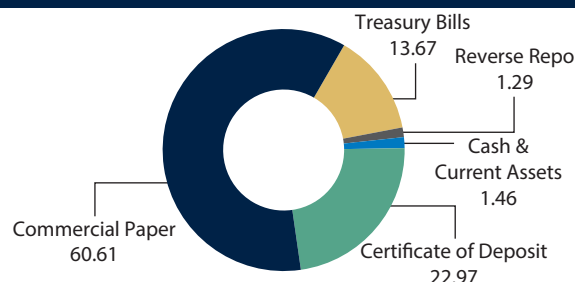
Portfolio Positioning* and Strategy

- The fund will invest across a range of money market instruments including Commercial Papers (CPs), Certificates of Deposits (CDs), Treasury Bills, Cash Management Bills (CMBs) and other discounted instruments with tenors not exceeding 1 year. CP investments are restricted to high grade CPs (with long term ratings of AA+/AAA)
- Positioning along the money market curve, depends on steepness and the potential roll-down opportunities that may arise from time to time.
- The Fund will be positioned based on an analysis of liquidity conditions, the shape of the yield curve and other macro-economic indicators.
- Average maturity of the fund will mostly range in a band of 4-8 months.
- Currently, the mid segment of the money market curve looks more attractive and given the existing steepness in this portion, the fund is invested in the 4-9 month segment, . Hence, the average maturity of the fund is closer to the lower end of the band.
- Currently, the portfolio only comprises of AAA/A1+ rated securities and Sovereign Bonds.

Who should invest?

- PGIM India Money Market Fund is ideal for investors with the investment horizon of 6-12 months.
- Investors looking for investment avenues to park idle surplus funds for short term and with high liquidity and relatively low return volatility should consider this fund.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Maturity Profile as on March 2021 (% of AUM)

0-1M	2.74
1-3M	68.14
3-6M	18.77
6-9M	10.36
9-12M	0.00
12M +	0.00

Fund Details#

Portfolio Yield (%)	3.51
Average Maturity	3.12 Months
Modified Duration	3.00 Months
Macaulay Duration	3.12 Months
Standard Deviation	0.02
Sharpe Ratio	0.13 (R)/0.29(D)

Portfolio Holdings as on March 31, 2021

Issuer	% to Net Assets	Rating
91 Day Tbill Mat - 2021	13.67	SOV
Exim Bank	12.61	CRISIL A1+
Network 18 Media & Investments Ltd	10.54	CARE A1+
Axis Securities Ltd	10.52	ICRA A1+
L And T Finance Ltd (Old Name Family Credit Ltd)	10.50	CARE A1+
National Bank For Agriculture & Rural Development	10.45	ICRA A1+
Axis Bank Ltd.	10.36	CRISIL A1+
Reliance Industries Ltd.	10.29	CRISIL A1+
Housing Development Finance Corporation Ltd.	8.31	CRISIL A1+

Standard Returns are not provided as the scheme has not completed one year of performance.

The above numbers are based on data from since inception of the fund to March 31, 2021

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

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 instruments	0%	100%	Low

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

Key Features



Benchmark index:
CRISIL Money Market Fund Index



Fund Manager:
Mr. Kumaresh Ramakrishnan and Kunal Jain



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

	High	Medium	Low	Interest Rate Sensitivity
High				
Medium				
Low				
Very Low				

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*:

- Regular income for short term
- Investments in 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