



PGIM INDIA PREMIER BOND FUND

An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds

Rated AAAMfs by ICRA##

March 2021

Why invest in PGIM India Premier Bond Fund?

Investors with concerns of credit quality on corporate assets and liquidity pressures, can consider investing in PGIM India Premier Bond Fund for its very high quality portfolio of instruments. PGIM India Premier 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 Premier Bond Fund seeks to generate income through investments in a range of corporate Debt, Central & State government securities and money market instruments.
- The portfolio duration is decided based on the fund manager's assessment of expected movement in interest rates, liquidity conditions and other macroeconomic factors.
- Moderate duration exposure allows the fund to maintain relatively low to moderate volatility compared with long-term income/bond funds, while retaining the potential to benefit from softening in yields.

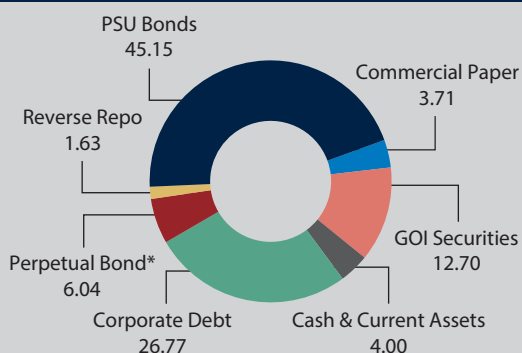
Portfolio Positioning*

- Portfolio predominantly consists of AAA/A1+ rated corporate bonds and PSU/PFI bonds
- Credit Quality as on 31st March, 2021: AAA/A1+/Sovereign securities comprises 93.96% of the portfolio.
- Average maturity of the portfolio as of 31st March, 2021 stood at 2.18 years.

Who should invest?

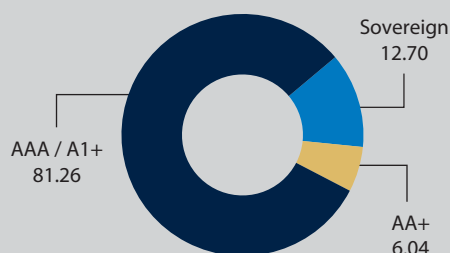
PGIM India Premier Bond Fund is ideal for investors considering investing in a low to moderate portfolio of debt securities including bonds and money market instruments.

Asset Allocation (% AUM)



*All the perpetual bonds in PGIM India Premier Bond Fund are Basel III bonds.

Credit Quality Profile (% AUM)



Fund Details

AUM as on March 31, 2021 (₹ in Crore): 67.08

For the Debt Portfolio

Portfolio Yield (%)	5.23
Modified Duration (years)	1.84
Average Portfolio Maturity (years)	2.18
Macaulay Duration (years)	1.93

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
Indian Oil Corporation Ltd.	11.37	CRISIL AAA
Sikka Port Terminal Limited (Erstwhile East West Pipeline Limited)	7.93	CRISIL AAA
5.22 GOI Mat 2025	7.35	SOV
National Housing Bank	7.07	CRISIL AAA
Britannia Industries Limited	6.56	CRISIL AAA
Fullerton India Credit Company Limited	6.15	CRISIL AAA
Mahindra & Mahindra Financial Services Ltd	6.13	CARE AAA
State Bank Of India	6.04	CRISIL AA+
6.69 Madhya Pradesh SDL 2025	5.35	SOV
Housing & Urban Development Corporation Ltd	5.33	CRISIL AAA

All the above data are as on March 31, 2021. * 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

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	
Corporate Debt instruments (AA+ and above rated)	80%	100%	Low to Medium
Other debt (including Government securities) and Money Market Instruments	0%	20%	Low to Medium

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

Key Features



Benchmark index:
CRISIL Composite Bond Fund 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

High Medium Low

			High
			Medium
			Low
			Very Low

Interest Rate Sensitivity

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

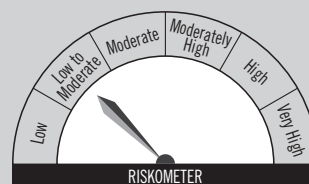
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Riskometer

This product is suitable for investors who are seeking*:

- Income over the medium term
- Investments predominantly in AA+ and above rated corporate bonds including bonds
- 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

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.