



# PGIM INDIA ULTRA SHORT TERM FUND

An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months

Rated AAAMfs by ICRA##

March 2021

## Why invest in PGIM India Ultra Short Term Fund?

PGIM India Ultra Short Term Fund is a low to moderate risk fund for short term investing needs.

### Investment Strategy

- The aim of the investment strategy is to generate returns with a low to moderate risk, particularly minimal interest rate risk strategy.
- The Scheme shall be actively managed and the Fund Management team shall formulate an active view of the interest rate movement by monitoring various parameters of the Indian economy, as well as developments in global markets.
- The Macaulay Duration of the portfolio will be maintained between 3 months to 6 months.

### Portfolio Characteristics\*

- The fund has been maintaining a high quality mix of liquid and short term securities which seeks to deliver steady returns with lower volatility.
- Predominantly invested in money market securities and short term bonds.

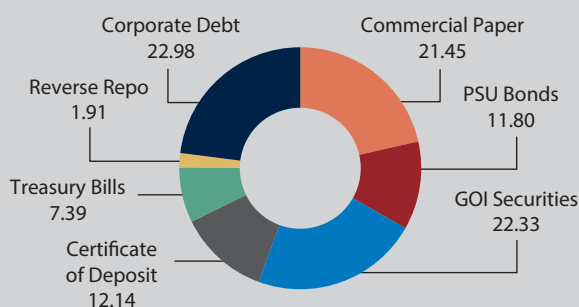
### Portfolio Positioning\*

- PGIM India Ultra Short Term Fund does not take duration calls and maintains 'mark to market' exposure at nominal levels in order to moderate volatility in returns.
- Strict control on average maturity, limits the return volatility on the fund.
- Investment in AAA/A1+ rated securities and Sovereign bonds is 100.00%.

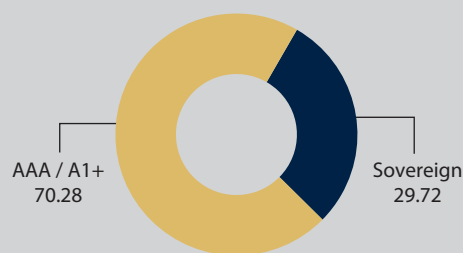
## Who should invest?

PGIM India Ultra Short Term Fund is ideal for investors looking at investing their surplus money for a period of 2-3 months.

### Asset Allocation (% AUM)



### Credit Quality Profile (% AUM)



## Fund Details

AUM as on March 31, 2021 (₹ in Crore): 429.15

### For the Debt Portfolio

Portfolio Yield (%)	3.75
Modified Duration (months)	4.32
Average Portfolio Maturity (months)	4.56
Macaulay Duration (months)	4.56

## Maturity Profile As on March 2021 (%)

0-1M	14.70	6-9M	22.78
1-3M	16.30	9-12M	1.20
3-6M	38.84	12M +	6.17

## Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
Government Of India - Gilts - 7.80% -2021	12.83	SOV
Axis Bank Ltd.	9.13	CRISIL A1+
Aditya Birla Finance	7.49	ICRA AAA
L And T Finance Ltd (Old Name Family Credit Ltd)	6.17	ICRA AAA
Government Of India - Gilts - 8.79% -2021	6.00	SOV
National Bank For Agriculture & Rural Development	5.90	CRISIL AAA
Power Finance Corporation Ltd.	5.90	CRISIL AAA
182 Day T Bill Mat 2021	5.77	SOV
Tv18 Broadcast Limited	5.74	CARE A1+
Housing Development Finance Corp. Ltd.	5.25	CRISIL A1+

## 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 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 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. <sup>1</sup>All Information as of December 31, 2020.

## 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 3 months to 6 months. Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



**Benchmark index:**  
CRISIL Ultra Short Term Debt Index#



**Fund Manager:**  
Mr. Kumaresh Ramakrishnan and Mr. 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	

# w.e.f. November 01, 2019 benchmark of the scheme has been changed from CRISIL Liquid Fund Index to CRISIL Ultra Short Term Debt Index

**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.

##ICRA has assigned the "[ICRA] AAAMfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Ultra Short Term 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](http://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 short term 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

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.**