



PGIM INDIA ARBITRAGE FUND

An open ended scheme investing in arbitrage opportunities

September 2022

Portfolio Positioning*

- The scheme carries out fully hedged arbitrage strategies in the equity cash and derivative markets simultaneously. The overall risk of the scheme would be market Neutral.
- As on month end, 69% of the portfolio was invested in equity arbitrage positions. The arbitrage premiums traded primarily in the 47-52 bps range. We expect arbitrage premiums to remain supported closer to current levels due to rising interest rates and resilient equity markets.
- We manage a granular portfolio of ~50-60 stocks. Stock selection is based on open interest data, roll history, liquidity, corporate actions and arbitrage premium levels. Fixed income allocation is primarily for margin requirements towards equity futures positions. (About ~25% of AUM is in liquid funds and T-Bills). The balance is invested in overnight funds and TREPS, which have minimal interest rate risk.
- Nifty Futures closed down by -4% during September series as FII's turned net sellers, Federal Reserve raised rates by 75bps and INR saw a sharp depreciation vs US dollar. These factors weighed on market sentiments. The key monitorable for Indian equity markets are: inflation and interest rate trajectory, FII flows and crude prices.
- Due to the market volatility, many stock futures at times trade at a discount to cash price. We use this opportunity to selectively re-balance the portfolio at favourable levels on intra-month basis thereby benefiting overall performance. Active management looks to enhance returns by constantly shifting into positions offering a relatively higher carry.
- Nifty futures rollover at 78% slightly lower compared to 79% average in last three months (82% in last expiry). Market-wide stock rollover stood at 93% slightly higher compared to 92% in previous expiry. The total stock futures open interest at start of October was Rs 1807bn compared to Rs 1846bn at the start of Sept.
- Option distribution – For the October series Calls of strikes 17000, 17500 and 18000 have maximum build up, while Puts of strikes 16000, 16500 and 17000 have the maximum build up. Option data indicates trading range for Nifty between 16500-17500 levels for this series.
- Arbitrage Funds offer benefits such as limited impact from market volatility (hedged positions) and lower equity taxation.

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	% of NAV to Derivatives
Adani Ports & Special Economic Zone Ltd.	7.26	-7.26
IndusInd Bank Ltd.	3.61	-3.61
Zee Entertainment Enterprises Ltd.	3.56	-3.56
Adani Enterprises Ltd.	3.12	-3.12
HDFC Bank Ltd.	3.12	-3.12
Delta Corp Ltd.	3.02	-3.02
Maruti Suzuki India Ltd.	2.99	-2.99
United Spirits Ltd.	2.89	-2.89
Multi Commodity Exchange Of India Ltd.	2.83	-2.83
Kotak Mahindra Bank Ltd.	2.79	-2.79
Equity Holdings Total	68.77	-68.77
Government Bond And Treasury Bill	4.07	
Margin Mutual Fund Units	19.89	
Cash & Current Assets	7.27	
Total	100.00	

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

IDCW** History

Record Date	Regular Plan		Direct Plan	
	IDCW**/ unit (₹)#	NAV (₹)	IDCW**/ unit (₹)#	NAV (₹)
Regular IDCW**				
31-Dec-20	0.1200	11.6944	—	—
26-Mar-21	0.4800	11.6495	0.5200	11.7919
25-Mar-22	0.4500	11.5712	0.4700	12.1335
Monthly IDCW**				
17-Jun-22	0.0340	10.5700	0.0340	10.5663
15-Jul-22	0.0340	10.5555	0.0340	10.5568
17-Aug-22	0.0340	10.5459	0.0340	10.5532

On face value of ₹ 10. Post IDCW** per unit NAV will fall to the extent of the payout and applicable tax/surcharges/cess/other statutory levies. IDCW** distribution is subject to availability of distributable surplus. Past Performance may or may not be sustained in future.

**Income Distribution cum Capital Withdrawal option

All the above data are as on September 30, 2022. * These are based on fund manager's current outlook & Subject to change.

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 Asset Management is the full service investment manager of PGIM India Mutual Fund, offering a broad range of equity and fixed income solutions to retail and institutional investors throughout the country. We manage 22 open-ended funds operated by 16 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 145-year legacy to build on its decade long history in India. Headquartered in Mumbai, PGIM India Mutual Fund has a presence in 27 cities across the country. PGIM India Mutual Fund brings a rich blend of global resources, intellectual acumen and local investment expertise and is committed to designing superior and meaningful, wealth building solutions for our investors. PGIM India provides unique training and educational programs for building exceptional capabilities and best business practices for its business associates.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
Equity and Equity related instruments including Index and stock derivatives	65%	100%	High
Debt and Money Market instruments	0%	35%	Low to Medium

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

Key Features



Benchmark Index:
Nifty 50 Arbitrage Index



Application Amount: ₹ 5000/- and in multiples of ₹ 1/- thereafter.

Additional Purchase: ₹ 1000/- and in multiples of ₹ 1/- thereafter.

Repurchase / Redemption Amount: Minimum of ₹ 1000/- and in multiples of ₹ 1/- thereafter or account balance whichever is lower.



Exit load: Nil



Fund Manager:

Mr. Utkarsh Katkoria & Mr. Hitash Dang (Equity portion) and (w.e.f. April 22, 2022) Mr. Puneet Pal (Debt portion)

Disclaimer: The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding investment/ disinvestment in securities market and/or suitability of the fund based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary. The AMC has no obligation to update any or all of such information; nor does the AMC make any express or implied warranties or representations as to its completeness or accuracy. There can be no assurance that any forecast made herein will be actually realized. Except for the historical information contained herein, statements in this publication, which contain words or phrases such as 'will', 'would', 'may', 'will' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. The AMC undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. The above forecasts are based on our current view of the likely course of markets over the period nominated. The above forecasts are made as indications only and not as the basis for investment decisions by readers of this material. Persons wishing to make such decisions should obtain their own professional advice. The AMC, its affiliates/associates, their directors, employees, representatives or agents shall not be liable or responsible, in any manner whatsoever, to any Investor/Recipient or any other person/entity, for the performance/ profitability/ operations of the Products or any investments in the Products including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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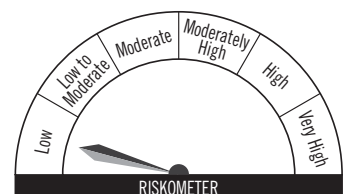


Riskometer

This product is suitable for investors who are seeking*:

- Income over short term
- Income through arbitrage opportunities between the equity spot and equity derivatives market and arbitrage opportunities within the equity derivatives segment
- Degree of risk – LOW

*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 risk