



# 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. A relatively high interest rate risk and moderate credit risk scheme.

Rated AAAMfs by ICRA##

October 2022

## Why invest in PGIM India Banking and PSU Debt Fund?

PGIM India Banking and PSU Debt Fund is a low to 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

- 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.

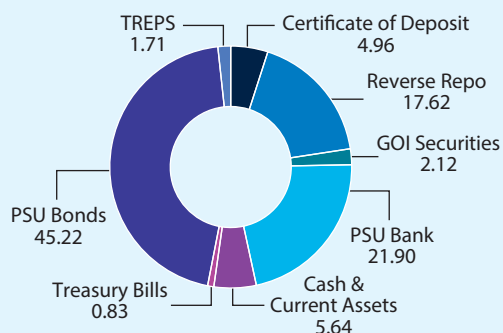
## Portfolio Characteristics\*

- 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?

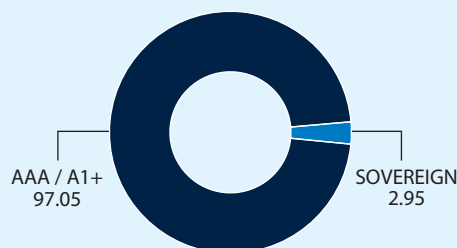
PGIM India Banking and PSU Debt Fund is ideal for investors seeking to invest in a debt portfolio with a horizon of at least 1 year.

### Asset Allocation (% AUM)



\*All the perpetual bonds in PGIM India Banking and PSU Debt Fund are Basel III bonds.

### Credit Quality Profile (% AUM)



### Maturity Profile As on October 2022 (% of AUM)

0-6 M	40.96
6-12M	8.14
1-3Y	23.47
3-5Y	27.43
5Y+	0.00

### Fund Details as on October 2022

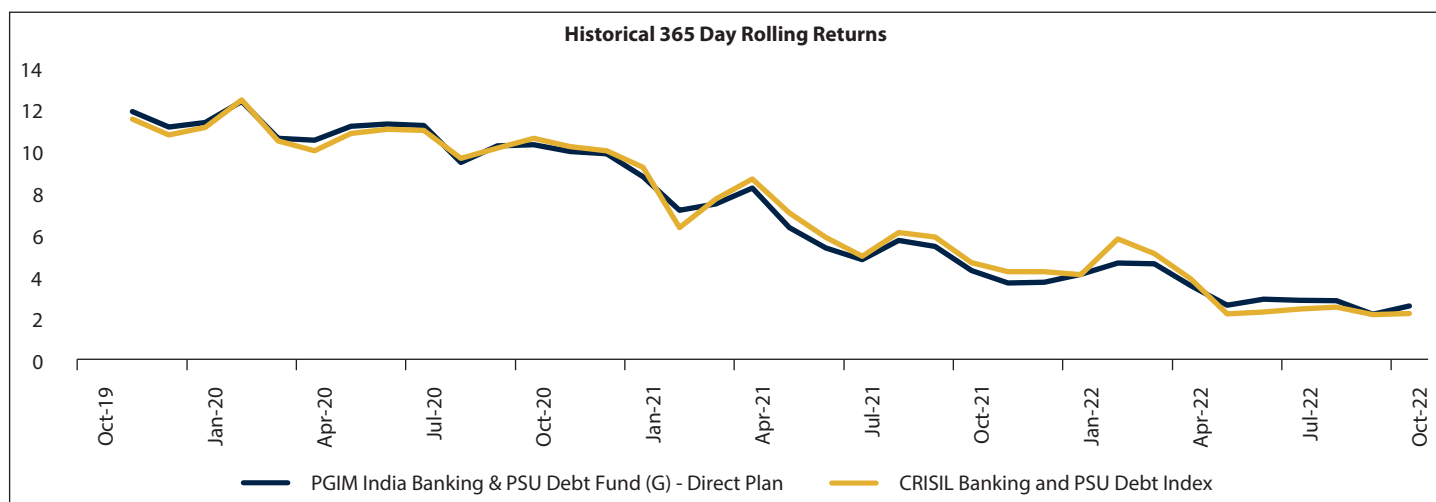
Portfolio Yield (%)	7.12
Average Maturity	1.72 years
Modified Duration	1.44 years
Macaulay Duration	1.54 years

### Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
Rural Electrification Corporation Ltd.	10.30	CRISIL AAA
Nuclear Power Corporation Of India Limited	10.20	CRISIL AAA
Power Finance Corporation Ltd.	9.21	CRISIL AAA
Exim Bank	8.63	CRISIL AAA
Small Industries Development Bank Of India	8.34	CARE AAA
National Housing Bank	7.39	CRISIL AAA
National Bank For Agriculture & Rural Development	5.88	CRISIL AAA
HDFC Bank Ltd.	4.96	CARE A1+
Hindustan Petroleum Corporation Ltd.	4.95	CRISIL AAA
Mahanagar Telephone Nigam Ltd.	2.22	CRISIL AAA (CE)

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

## Historical Rolling Returns



The above historical returns are rolling returns for the Direct Plan - Growth Option and for the period beginning October 31, 2019 to October 31, 2022. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

## Performance (CAGR)

Period	Fund		CRISIL Banking & PSU Debt Index ^		CRISIL 10 Year Gilt Index#	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>Regular Plan - Growth Option</b>						
Last 1 Year	2.53	10,255	2.21	10,222	-0.96	9,904
Last 3 Years	5.49	11,740	5.67	11,803	3.10	10,961
Last 5 Years	6.37	13,620	6.58	13,758	4.59	12,517
Since Inception	7.49	20,088	7.90	20,828	5.88	17,369
<b>Direct Plan - Growth Option</b>						
Last 1 Year	2.97	10,299	2.21	10,222	-0.96	9,904
Last 3 Years	5.97	11,902	5.67	11,803	3.10	10,961
Last 5 Years	6.88	13,950	6.58	13,758	4.59	12,517
Since Inception	8.00	21,026	7.90	20,828	5.88	17,369

Date of Inception: Regular Plan: March 11, 2013; Direct Plan: March 11, 2013. All the above returns are CAGR. 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 October 31, 2022.

## Performance of other funds managed by Fund Manager Puneet Pal as on October 31, 2022

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since	Co-managed by
<b>Top 3 Schemes Performance (%)</b>					
PGIM India ELSS Tax Saver Fund	6.79	18.61	12.40	December 01, 2021	Srinivas Rao Ravuri (Equity)
NIFTY 500 TRI^	3.52	18.03	12.29		Utkarsh Katkoria (Equity)
PGIM India Midcap Opportunities Fund	4.39	36.00	17.95	July 15, 2022	Aniruddha Naha (Equity)
NIFTY Midcap 150 TRI^	5.24	25.29	13.10		Vivek Sharma (Equity)
PGIM India Liquid Fund	4.28	4.00	5.27	July 15, 2022	Bhupesh Kalyani
CRISIL Liquid Fund BI Index^	4.61	4.34	5.39		
<b>Bottom 3 Schemes Performance (%)</b>					
PGIM India Large Cap Fund	-0.33	12.10	9.19	April 22, 2022	Srinivas Rao Ravuri (Equity)
NIFTY 100 TRI^	3.39	16.17	12.54		
PGIM India Gilt Fund	0.99	4.50	5.57	December 2017	Bhupesh Kalyani
CRISIL Dynamic Gilt Index ^	0.89	5.17	6.11		
PGIM India Dynamic Bond Fund	1.80	4.53	5.73	December 2017	Bhupesh Kalyani
CRISIL Dynamic Bond Fund All Index^	0.88	5.81	6.48		-

Mr. Puneet Pal is managing 16 schemes of PGIM India Mutual Fund.

Top three and bottom three schemes managed by the fund manager have been derived on the basis of last one year performance ending on October 31, 2022.

^ Scheme 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.

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

On account of difference in scheme features, the performance of these schemes are not strictly comparable. Please refer [www.pgimindiamf.com](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan).

## Performance of other funds managed by Fund Manager Bhupesh Kalyani as on October 31, 2022

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since	Co-managed by
<b>Top 3 Schemes Performance (%)</b>					
PGIM India Liquid Fund	4.28	4.00	5.27	September 13, 2022	Puneet Pal
CRISIL Liquid Fund BI Index <sup>^</sup>	4.61	4.34	5.39		
PGIM India Overnight Fund	4.21	3.70	–	September 13, 2022	Puneet Pal
Nifty 1D Rate Index <sup>^</sup>	4.33	3.75	–		
PGIM India Short Duration Fund	2.59	4.23	3.58	September 13, 2022	Puneet Pal
CRISIL Short Duration Fund BII Index <sup>^</sup>	3.54	6.10	6.71		
<b>Bottom 3 Schemes Performance (%)</b>					
PGIM India Hybrid Equity Fund	-5.48	9.67	7.07	September 13, 2022	Vivek Sharma (Equity)
CRISIL Hybrid 35+65 - Aggressive Index <sup>^</sup>	3.48	14.27	11.22		Rahul Jagwani (Overseas Investments)
PGIM India Flexi Cap Fund	-4.49	22.35	13.89	September 13, 2022	Aniruddha Naha (Equity)
Nifty 500 TR Index <sup>^</sup>	3.52	18.03	12.29		A. Anandha (Equity) Rahul Jagwani (Overseas Investments)
PGIM India Gilt Fund	0.99	4.50	5.57	September 13, 2022	Puneet Pal
CRISIL Dynamic Gilt Index <sup>^</sup>	0.89	5.17	6.11		–

Mr. Bhupesh Kalyani is managing 13 schemes of PGIM India Mutual Fund.

Top three and bottom three schemes managed by the fund manager have been derived on the basis of last one year performance ending on October 31, 2022.

<sup>^</sup> Scheme 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.

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

On account of difference in scheme features, the performance of these schemes are not strictly comparable. Please refer [www.pgimindiamf.com](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan).

### Fund Manager's View

- Indian Bonds were rangebound during the month even as global bond yields moved higher. The yield curve remained flat with the shorter end of the curve remaining elevated on expectations of further rate hikes while the long end of the curve was supported by real money investment demand. Currently, the Indian overnight swaps market is pricing in a terminal repo rate of 7.00%.
  - The RBI, in our view, seems to be concerned about the external account and financial stability given the strength of the US dollar and consequent pressure on emerging market currencies, including the INR.
  - The CPI Inflation for August (released in September) came in higher than expectations at 7.41% though it's expected to moderate towards 6% by April 2023.
  - Inflation in the developed economies remained a concern as it exceeded expectations both in US and Europe though the Reserve Bank of Australia and Bank of Canada hiked their policy rates lower than market expectations.
- This resulted in some softening in global bond yields as markets anticipated that major Central banks like the US Fed and ECB will also slow down the pace of rate hikes. Bond markets across the world will be looking at any signs of dovishness from the US Fed in their November meeting.
- The INR weakened by 1.75% against the US Dollar in October to 82.78 from 81.35 at the start of the month. Brent also rose by 7.81% during the month as OPEC announced production cuts.
  - We expect further rate hikes by the RBI as India will be required to maintain Interest rate differential with the Fed Funds rate in light of our Twin Deficits (Current and Fiscal Deficit). We expect the terminal repo rate to be at 6.50%-6.75% by Feb 2023.
  - The Credit / Deposit ratio of the banking system continued to widen with credit growth @17.90% and deposit growth@9.60% on a YOY basis, putting pressure on short-term deposit rates and money market yields.

### 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	
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 and  
(w.e.f. September 13, 2022) Mr. Bhupesh Kalyani



**Exit load:** Nil.

## Potential Risk Class

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		<b>B-III</b>	

**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.

**Modified Duration:** Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.

##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](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.

pgim india mutual fund



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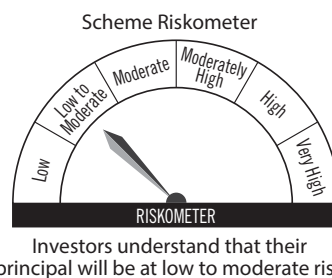


## Riskometer

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 – LOW TO MODERATE

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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. © 2022 Prudential Financial, Inc. (PFI) and its related entities. PGIM, the PGIM logo, and the Rock symbol are service marks of Prudential Financial, Inc., and its related entities, registered in many jurisdictions worldwide.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**