PGIM INDIA CORPORATE BOND FUND

(Earlier known as PGIM India Premier Bond Fund)
An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk scheme.

Rated AAAmfs by ICRA##

January 2024

Why invest in PGIM India Corporate Bond Fund?

Investors with concerns of credit quality on corporate assets and liquidity pressures, can consider investing in PGIM India Corporate Bond Fund for it's very high quality portfolio of instruments. PGIM India Corporate Bond Fund is rated as [ICRA] AAAmfs denoting the highest level of safety regarding timely receipt of payments from the investments the scheme has made.

Investment Strategy

- PGIM India Corporate 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.
- The current duration is on the shorter side that allows for relatively lower volatility and 'higher carry'.

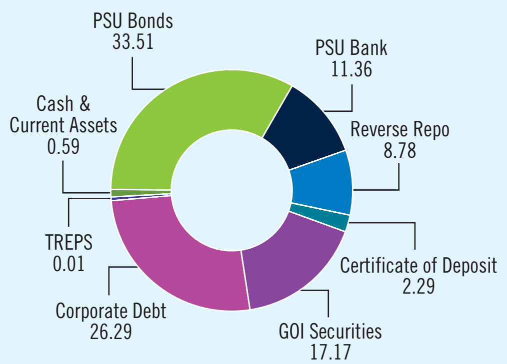
Portfolio Positioning*

- Portfolio predominantly consists of AAA/A1+ rated corporate bonds and PSU/PFI bonds
- Credit Quality as on 31st January, 2024: AAA/A1+/Sovereign securities comprises 100.00% of the portfolio.
- Average maturity of the portfolio as of 31st January, 2024 stood at 3.81 years.

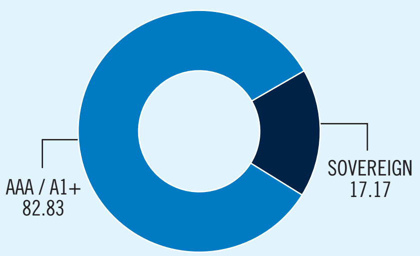
Who should invest?

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

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Fund Details

AUM as on January 31, 2024 (₹ in Crore):	108.14
For the Debt Portfolio	
Portfolio Yield (%)	7.60
Modified Duration (years)	2.83
Average Portfolio Maturity (years)	3.81
Macaulay Duration (years)	3.00

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
7.18 G Sec Mat 2037	10.04	SOV
Rural Electrification Corporation Ltd.	9.61	CRISIL AAA
National Bank For Agriculture & Rural Development	7.80	CRISIL AAA
Power Finance Corporation Ltd.	5.88	CRISIL AAA
Sikka Port Terminal Limited (Erstwhile East West Pipeline Limited)	4.62	CRISIL AAA
HDFC Bank Ltd.	4.62	CRISIL AAA
Bajaj Housing Finance Ltd	4.61	CRISIL AAA
Housing & Urban Development Corp. Ltd	4.60	ICRA AAA
Small Industries Development Bank Of India	3.96	CRISIL AAA
Larsen & Toubro Ltd.	3.71	CRISIL AAA

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

*All the above data are as on January 31, 2024. * These are based on fund manager's current outlook & Subject to change.*

Fund Manager's View

- The first month of 2024 saw the continuation of the theme of macroeconomic stability as growth continued to surprise on the upside with 'core' inflation continuing its downward trend coming in below 4%. The first advance GDP estimate for FY24 came in at 7.30% against market expectations of 6.70% and PMIs also continued the robust trend. The combination of strong growth and low inflation makes for a goldilocks macro-economic scenario for India in a fragile global economic landscape. The Interim Budget presented on 1st Feb 2024 further buttressed the strong underlying macroeconomic fundamentals as it projected a lower-than-expected fiscal deficit of 5.1% for FY25 leading to a mini bond rally. The markets were expecting a fiscal deficit of 5.3% and a gross borrowing number around INR15 trn. The gross borrowing came in at INR14.3 trn. Thus, the bond markets got a fresh lease of life post budget with the benchmark 10 yr bond yield lower by 9 bps on the budget day. The yield curve flattened during the month and after the interim budget, with the longer end of the curve outperforming the shorter end of the curve as the actual state government (SDL) borrowings are lower than the indicative calendar. Banking sector liquidity was tight for most of the month resulting in elevated money market yields. The key reason for the tightness in interbank liquidity continues to be a very high government surplus to the tune of INR 3-4 trn. One of the reasons for the high government surplus can be attributed to the strategy of meeting the redemption proceeds of government securities through the GST compensation cess, which is also the reason for lower gross borrowing for the next fiscal. Given the decelerating trend of core inflation and the fiscal prudence stance of the government, we believe that the monetary policy stance will be changed to 'neutral' in the February MPC meeting.
- Brent crude rose by 6% during the month on back of continuing disruptions in Red Sea, though INR was pretty stable and appreciated marginally by 0.20% during the month. CPI inflation came in at 5.69% in line with consensus and core inflation continued its downward trajectory coming in at 3.90% which is a 4yr low.
- PFI inflows in debt continue to be strong in the new year with USD 2.3 bn of flows in January 2024 after USD 7 bn inflow during CY 2023.
- The OIS curve was flat during the month with the 1yr OIS down by 4 bps at 6.60% and 5yr OIS at 6.19%. It had outperformed the sovereign curve last month in consonance with the movement in US yields. The benchmark 10yr bond yield was down by 3 bps.
- The FOMC policy was on expected lines with the Fed pushing back on expectations of an earlier / faster rate cutting cycle though bond yields in US were lower after the US treasury reduced its Q1 CY2024 borrowing to USD 760 bn against the market expectations of USD 850 bn, and lower than its own earlier estimate of USD 816 bn. Even the Q2 CY2024 borrowing number stands at USD 206 bn against the market expectations of USD 350 bn.
- Global bond yields led by US treasury yields were flat during the month after the massive rally in the last two months of 2023. The US bond market is pricing in 125 bps rate cuts this year, which might prove to be optimistic given the cautious Fed stance amidst strong growth. RBI is likely to start cutting rates only after the global rate cutting cycle has started, which in our view, is likely to happen from Q2/Q3 of CY 2024 onwards. Markets tend to react before the start of a rate cutting cycle and the current yields offer a good opportunity for investors to increase their allocation to fixed income as slowing growth and moderating inflation is likely to lead to rate cuts in 2024.
- Bond yields tend to move in advance of rate action and investors can look to increase allocation to fixed income as we expect long bond yields to keep drifting lower and expect the benchmark 10yr bond yield to go lower towards 6.50% by Q2/Q3 of CY 2024.

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 21 open-ended funds operated by 13 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	
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 Corporate Bond Fund BIII Index@
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Corporate Bond Composite Index to CRISIL Corporate Bond Fund BIII Index.)

Fund Manager:
Mr. Puneet Pal and
(w.e.f. September 13, 2022) Mr. Bhupesh Kalyani

Exit load: Nil

Potential Risk Class

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

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 Corporate 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.

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.

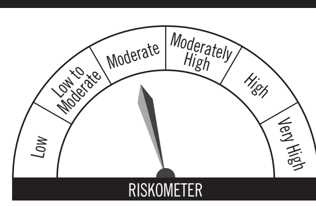
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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 – 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 moderate risk

C220-r/2023-24