



# PGIM INDIA LOW DURATION FUND

An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively low interest rate risk and moderate credit risk scheme.

November 2021

## Why invest in PGIM India Low Duration Fund?

PGIM India Low Duration Fund is a fund that seeks to generate income by investing primarily in low duration debt and money market instruments.

### Investment Strategy

- The key element of the investment strategy for the fund is the identification of high quality issuers in the short duration space with rating primarily in the AA+ and AA category.
- The scheme is actively managed both for credit and rates.
- 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 mark to market holdings help in moderating the return volatility.

### Portfolio Characteristics\*

- The lowest rating in corporate bond holdings in the fund would be AA-
- Macaulay Duration of the fund will range from 6 to 12 months

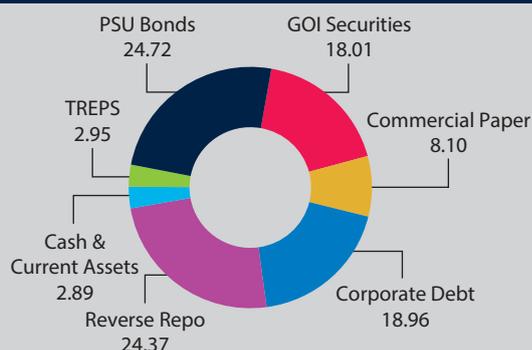
### Portfolio Positioning\*

- To maintain liquidity in the portfolio at all times, the portfolio will comprise of holdings in CDs and CPs. And for the purpose of generating carry for the fund, investments would be made in short tenor corporate bonds in the AAA and AA categories.
- Given the relatively shorter tenor of the product, liquidity and credit safety are primary considerations in the construct of the fund.

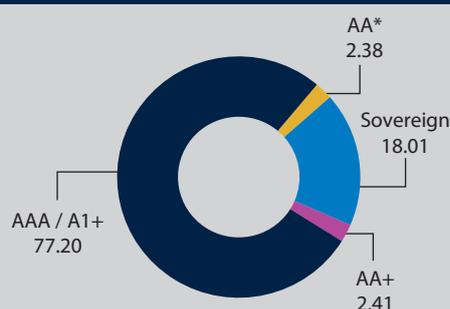
## Who should invest?

PGIM India Low Duration Fund is ideal for investors seeking to invest in a portfolio of debt and money market instruments for an investment horizon of 6 to 12 months.

### Asset Allocation (% AUM)



### Credit Quality Profile (% AUM)



\* AA include securities rated as AA and AA-

### Fund Details

AUM as on November 30, 2021 (₹ in Crore):	84.47
<b>For the Debt Portfolio</b>	
Portfolio Yield (%)	4.07
Macaulay Duration (months)	5.55
Modified Duration (months)	5.20
Average Portfolio Maturity (months)	5.64

### Portfolio Holdings

Issuer	% to Net Assets	Rating
6.58 Odisha SDL Mat 2022	11.94	SOV
Small Industries Development Bank Of India	7.22	CARE AAA
Housing Development Finance Corporation Ltd.	6.98	CRISIL AAA
Rural Electrification Corporation Ltd.	6.61	CRISIL AAA
Government Of India - Gilts - 6.84% - 2022	6.07	SOV
Indian Oil Corporation Ltd.	5.95	CRISIL AAA
LIC Housing Finance Ltd.	5.76	CRISIL A1+
L And T Finance Ltd (Old Name Family Credit Ltd)	5.41	ICRA AAA
Food Corporation Of India	4.34	CRISIL AAA (SO)
Hindalco Industries Ltd.	2.41	CRISIL AA+

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

## Fund Manager's View

- Indian Bond Yields came down by 5 to 10 BPS across the curve during the month of November 2021 on the back of strong real money demand. The longest end of the curve (more than 30 years) outperformed through growing concerns about Inflation in India and globally. The Monetary Policy Committee is scheduled to meet on 8th Dec 2021 and we expect it to start normalizing the monetary policy by increasing the reverse repo rate by 15 BPS to 3.50% while retaining an accommodative stance. The uncertainty caused by the advent of the Omicron variant is unlikely to prompt the RBI to stop the normalization process just now. We think that the inflationary pressures are very much present with "Core Inflation" remaining solid around 5.80%. We expect the curve to gradually flatten over the course of the next two quarters.
- INR depreciated by 0.38% during the month largely because of the strength in DXY and risk aversion after the emergence of Omicron. Brent prices also cooled off by 16.36% towards the end of the month after the risk triggered by Omicron. PFIs continued to pull money out of Indian Bonds with November month outflows at USD 233mn though the equity market saw PFI inflows at USD 202mn, after a big outflow last month.
- We are underweight duration as we expect yields to continue rising. We expect inflation to surpass RBI expectations as the economy starts to operate at its pre-covid capacity with vaccination levels increasing rapidly, though we would be closely monitoring the evolution the new Covid-19 variant.

## 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 22 open-ended funds operated by 15 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 located in 39 offices across 17 countries and follows a multi-manager model with strong capabilities beyond traditional assets.

Source: [pgim.com](http://pgim.com) \*PGIM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest investment manager (out of 477 firms surveyed) in terms of global assets under management based on Pensions & Investments' Top Money Managers list published on May 31, 2021. This ranking represents global assets under management by PFI as of December 31, 2020. <sup>1</sup>All Information as of March 31, 2021.

## 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 6 months to 12 months. Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



**Benchmark index:**  
CRISIL Low Duration Debt Index



**Fund Manager:**  
(w.e.f. December 01, 2021) Mr. Kunal Jain and Mr. Ankit Shah



**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.

## Potential Risk Class

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

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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.**

## Riskometer

This product is suitable for investors who are seeking\*:

- Income over the short term
- Investment in low duration 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