MUTUAL FUNDS Sahi Hai

PGIM India Mutual Fund

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.

(The scheme has 1 segregated portfolio which was created under PGIM India Credit Risk Fund. Main portfolio of PGIM India Credit Risk Fund was merged with PGIM India Low Duration Fund w.e.f. January 22, 2022)

August 2023

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 AAA/A1+ category.
- The scheme is actively managed both for credit and interest 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-
- Macualay Duration of the fund will range from 6 to 12 months

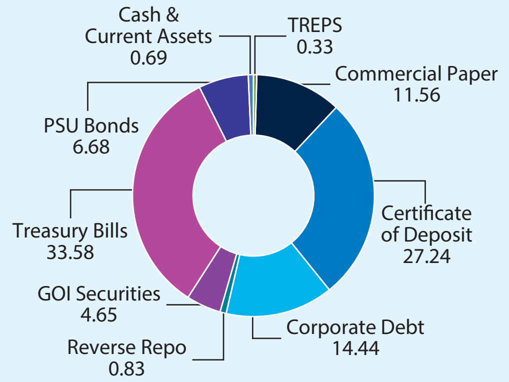
Portfolio Positioning*

- 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.

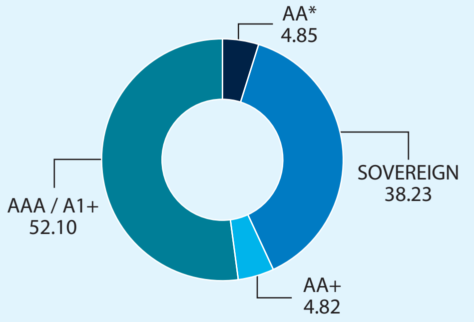
Who should invest?

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)

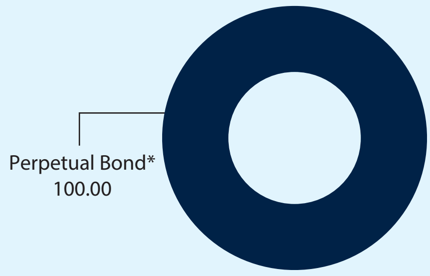


Credit Quality Profile (% AUM)



* AA include securities rated as AA and AA-

Asset Allocation (% AUM) (Segregated Portfolio)



* All the perpetual bonds in PGIM India Low Duration Fund are under Basel III.

Credit Quality Profile (% AUM) (Segregated Portfolio)

Fund Details

	Main Portfolio	Segregated Portfolio
AUM as on August 31, 2023 (₹ in Crore):	104.00	0.00
For the Debt Portfolio		
Portfolio Yield (%)	7.34	
Macaulay Duration (years)	0.57	
Modified Duration (years)	0.53	
Average Portfolio Maturity (years)	0.63	

Portfolio (Segregated Portfolio)

Issuer	% to Net Assets	Rating
Perpetual Bond	**100.00**	
Yes Bank Ltd.	100.00	ICRA D
Total	**100.00**	

Portfolio (Top Ten Holdings) (Main Portfolio)

Issuer	% to Net Assets	Rating
364 Days Tbill Mat 2024	9.35	SOV
182 Days T Bill Mat 2024	9.33	SOV
ICICI Securities Ltd	6.94	CRISIL A1+
Small Industries Development Bank Of India	6.68	ICRA AAA
Axis Bank Ltd.	6.58	CRISIL A1+
Kotak Mahindra Bank Ltd.	5.66	CRISIL A1+
JM Financial Credit Solutions Limited	4.85	ICRA AA
Shriram Finance Ltd (Formerly Shriram Transport Finance Co. Ltd.)	4.82	CRISIL AA+
State Bank Of India	4.80	CARE A1+
Ultratech Cement Ltd.	4.77	CRISIL AAA

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

This scheme has exposure to floating rate instruments and / or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be lesser than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the scheme as well and exercise adequate due diligence when deciding to make their investments

*All the above data are as on August 31, 2023. * These are based on fund manager's current outlook & Subject to change.*

Fund Manager's View

- Despite high volatility witnessed in August 2023, bond yields closed almost flat month over month. Yields were higher across curves, as rising food inflation and hardening global bond yields spoiled sentiments. The 10yr bond yield touched a high of 7.25% before retreating to end the month at 7.18%, flat from last month. The curve flattened further with the longer end outperforming the shorter end. The AAA corporate curve outperformed the sovereign curve on favorable demand supply dynamics.
- The MPC policy was largely on expected lines, but the announcement of Incremental CRR (I-CRR) surprised markets and led to hardening in the shorter end of the money market curve. The Overnight Index Swaps (OIS) curve also moved up. CPI Inflation came in higher than expected at 7.44%, though core inflation moderated. The rise in CPI Inflation was largely driven by food inflation, especially vegetables. Over the last month, vegetable prices have cooled down but concerns over the monsoon linger on as August was not only the driest August in India since 1901 but also the hottest. The government has been managing inflation proactively through fiscal steps and has taken a series of steps to bring down food inflation. Nonetheless, given the monsoon deficit and the irregular pattern of rains because of the El Nino effect, food inflation needs to be watched over the next couple of quarters. In the MPC minutes, RBI Deputy Governor Michael Patra commented that the liquidity overhang can pose a challenge from an inflation perspective. This comment assumes significance, as in all the last three monetary tightening cycle in India, we have seen interbank liquidity getting into the negative zone, and with food inflation remaining a concern, we believe that the next quarter could see liquidity tightness persisting in the banking system.
- Indian GDP growth for Q1FY24 came in line with expectations at 7.80%, with the services sector doing better, along with investments. Rural growth continues to lag urban growth, and GDP growth is likely to slow down sequentially. The government is confident about achieving 6.50% GDP growth in FY24 though the consensus among analysts is around 6%. Total tax collections in this financial year so far continue to be lower than last year. Productivity of capital as denoted by the Incremental Capital Output Ratio (ICOR) seems to be improving though the productivity of other factors of production also need to improve; particularly labor productivity, for India to increase its long-term potential rate of growth. Monsoons and global growth will be key variables to watch out for going ahead with respect to both growth and inflation trends in the short run.
- Globally, yields hardened led by US treasuries as fiscal concerns topped optimism that the Fed may not hike further. Fiscal concerns in the US led to a steepening in the curve and the dollar Index (DXY) went above 104 even as the economic data came in mixed.
- The policy rate differential between US and India has narrowed close to a historically low level. India's strong and stable macroeconomic variables and narrowing of Inflation differentials with US have been the underlying reasons for the narrowing of spread and for the spreads to sustain at lower levels we need to make sure that we remain on a solid macroeconomic footing.
- Brent crude continued its upward momentum, rising by 2% over the month, and closing at USD 87 a barrel. The US crude stocks, including Strategic Petroleum Reserves (SPR) are at multi-year lows and along with the production cuts announced earlier by OPEC+ being carried forward, Brent is seen to continue its upward trajectory. The INR depreciated marginally over the month ending at 82.78 from 82.25 at the start of the month but breached the long-standing resistance level of 83 as it touched a low of 83.15 before retracing back below 83 on probable RBI intervention. Portfolio flows continued to be strong both in debt and equity. Equity flows at USD 1.48bn and debt flows at USD 935mn.
- Indian and global growth looks to be faring much better than anticipated at the start of the year. Given the current growth inflation dynamics we think we are in the last leg of the global monetary tightening cycle which began last year, and Central banks are likely to be on a long pause from next quarter onwards.
- We believe that the RBI will be on a long pause and the rate cutting cycle in India will start only when the developed market Central banks have addressed the challenge of inflation effectively, which in our view will happen from 2024 onwards.
- We expect the 10yr Benchmark bond to trade in a range of 7.10% to 7.30% over the next one month.

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 20 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 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	
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 B-I Index (w.e.f. April 03, 2023, the benchmark name has been changed from CRISIL Low Duration Fund BI Index to CRISIL Low Duration Debt B-I Index.)

Fund Manager:
(w.e.f. July 16, 2022) 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)		B-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.

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

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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.

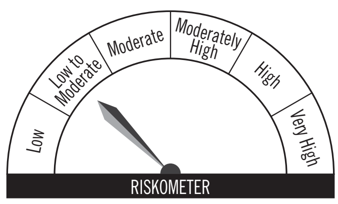
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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

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