MUTUAL FUNDS Sahi Hai

PGIM INDIA LOW DURATION FUND

PGIM India Mutual 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)

June 2022

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-
- Macualay Duration of the fund will range from 6 to 12 months

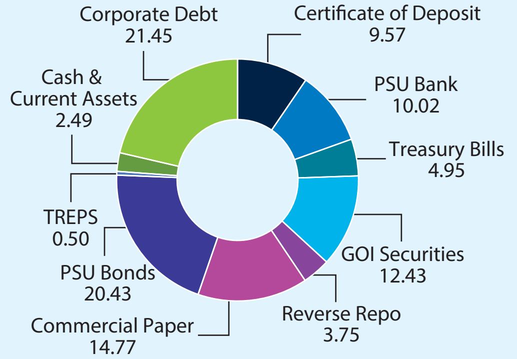
Portfolio Positioning*

- 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.

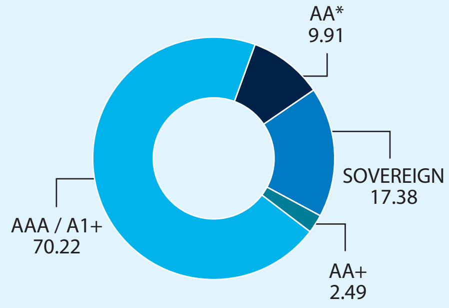
Who should invest?

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)

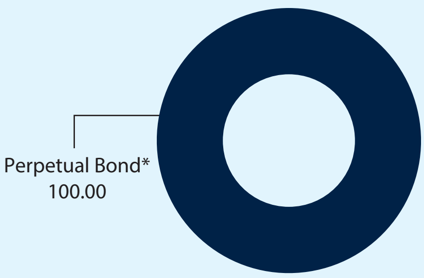


Credit Quality Profile (% AUM)



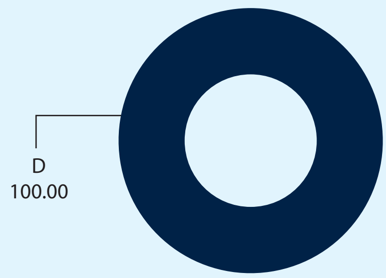
* AA include securities rated as AA and AA-

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)



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

Fund Details

	Main Portfolio	Segregated Portfolio
AUM as on June 30, 2022 (₹ in Crore):	100.68	0.00
For the Debt Portfolio		
Portfolio Yield (%)	6.07	
Macaulay Duration (years)	0.51	
Modified Duration (years)	0.48	
Average Portfolio Maturity (years)	0.70	

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
Exim Bank	10.02	CRISIL AAA
Hindustan Petroleum Corporation Ltd.	9.96	CRISIL AAA
Axis Bank Ltd.	9.57	CRISIL A1+
Britannia Industries Limited	5.07	CRISIL AAA
Government Of India - Gilts - 6.84% - 2022	4.99	SOV
JM Financial Credit Solutions Limited	4.97	ICRA AA
LIC Housing Finance Ltd.	4.96	CRISIL A1+
182 Days Tbill Mat 2022	4.95	SOV
Indian Oil Corporation Ltd.	4.95	CRISIL AAA
Aditya Birla Money Ltd	4.94	CRISIL A1+
Indostar Capital Finance Pvt. Ltd.	4.94	CARE AA-

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

Fund Manager's View

- The Monetary Policy Committee (MPC), raised the policy repo rate by 50 bps on 6th June 2022, while keeping the Cash Reserve ratio (CRR) unchanged. This was on the back of the surprise 40 bps hike done in May along with CRR hike of 50 bps. The RBI increased its inflation forecast to 6.70% for FY22-23 while retaining its growth forecast at 7.20%. The MPC decision to hike rates was unanimous. The stance was changed to "Withdrawal of accommodation" from accommodative stance.
- The US Fed increased rates by 75 bps as inflation came in higher than expected. Bond yields were volatile during the month. First, the fear of aggressive tightening by central banks across the world took hold, leading to higher yields, and then, towards the end of the month the bond market narrative changed to fears / higher probability of recession in US and Europe by next year on the back of aggressive tightening by Central Banks. As a result, the US benchmark 10-yr bond yield ended the month at 3.01% after touching a high of 3.47% during the month. In tandem with the fall in yields worldwide, Indian yields also fell with the benchmark 10-yr GSec ending the month at a yield of 7.41% after touching an intra-month high of 7.62%. The yield curve further flattened during the month.
- The CPI Inflation print for May (released in June) came in line with expectations @7.04%. Commodity prices came down across the board as markets started factoring in a higher probability of recession in US & Europe on the back of an aggressive monetary stance of the US Fed and ECB. The slowdown in China also contributed to the weakness in the commodity space. Brent Crude was lower by 6.50% during the month. Currently, the Indian swaps curve is pricing in close to 200 bps of incremental rate hikes by the RBI over the course of the next one year.
- INR depreciated by 1.70% during the month as portfolio outflows continued, though the RBI increased its intervention in the FX market. FPI outflows in debt for the month of June 2022 were US$300 mn while the YTD debt outflows are at US$2.22 bn.
- We expect the yield curve to flatten further as RBI front loads the rate hikes. The spreads between AAA bonds and GSec are still very tight and running at historically low levels and we expect them to gradually widen as the surplus liquidity in the system reduces. Also, the credit offtake on a YoY basis is at a healthy 13% which can lead to some widening pressure on corporate spreads.
- We continue to be underweight duration as we expect further rate hikes along with liquidity tightening and will look to tactically add duration at yields above 7.50% on the 10-yr bond. We would also continue to be underweight corporate bonds.

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 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. 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 Fund BI Index@ (@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Low Duration Debt Index to CRISIL Low Duration Fund BI Index.

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

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.

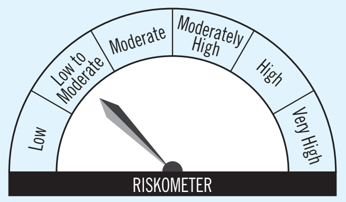
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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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