

# PGIM INDIA SHORT DURATION FUND

(Earlier known as PGIM India Short Maturity Fund)  
An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A moderate interest rate risk and moderate credit risk scheme.



**PGIM**  
India Mutual Fund

October 2022

## Why invest in PGIM India Short Duration Fund?

PGIM India Short Duration Fund is a low to moderate risk fund that seeks to generate returns with low volatility by investing in short/medium term debt securities and money market securities.

### Portfolio Characteristics\*

- The fund portfolio is a combination of short/medium term bonds.
- The fund currently is invested in AAA/A1+ rated papers and Sovereign Bonds to the extent of 94.04%.

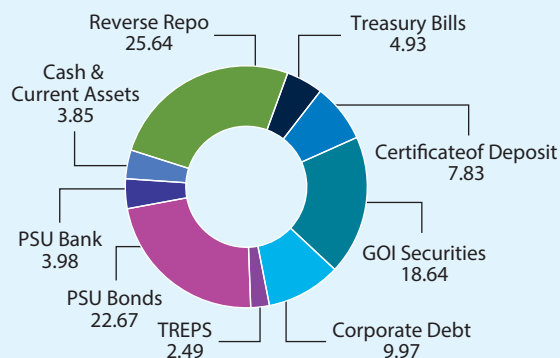
### Portfolio Positioning\*

- The short duration segment captures twin benefits of relatively lower volatility and 'higher carry'.
- In addition to the 'carry' component, the fund also benefits from ongoing improvement in liquidity conditions, which positively impacts any money market holdings and short term bonds (12-36 months) in the portfolio.

## Who should invest?

Investors with more than 12 months time horizon can look at investing in the fund.

### Asset Allocation (% AUM)



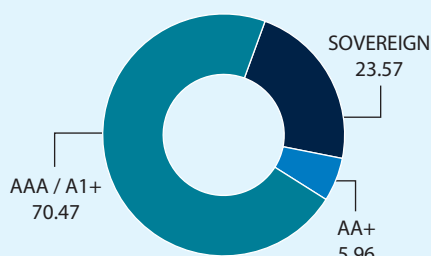
### Fund Details

|  |       |
|--|-------|
| AUM as on October 31, 2022 (₹ in Crore): | 24.94 |
| <b>For the Debt Portfolio</b>            |       |
| Portfolio Yield (%)                      | 6.96  |
| Modified Duration (years)                | 1.08  |
| Average Portfolio Maturity (years)       | 1.27  |
| Macaulay Duration (years)                | 1.13  |

### Portfolio (Top Ten Holdings)

| Issuer                                     | % to Net Assets | Rating          |
|--|-----------------|-----------------|
| 5.74 GOI Mat 2026                          | 17.07           | SOV             |
| Power Finance Corporation Ltd.             | 8.66            | CRISIL AAA      |
| HDFC Bank Ltd.                             | 7.83            | CARE A1+        |
| Muthoot Finance Limited                    | 5.96            | CRISIL AA+      |
| Nuclear Power Corporation Of India Limited | 4.03            | CRISIL AAA      |
| Food Corporation Of India                  | 4.02            | CRISIL AAA (SO) |
| Fullerton India Credit Company Limited     | 4.01            | CRISIL AAA      |
| National Housing Bank                      | 3.98            | CRISIL AAA      |
| Small Industries Development Bank Of India | 3.95            | CARE AAA        |
| 364 Days Tbill Mat 2023                    | 2.97            | SOV             |

### Credit Quality Profile (% AUM)



**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.

All the above data are as on October 31, 2022. \* These are based on fund manager's current outlook & Subject to change.

## 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 |               |
| Debt and Money Market Instruments including Government securities | 0%   | 100%    | Low to Medium |

The Macaulay Duration of the portfolio will be maintained between 1 year to 3 year. Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



### Benchmark index:

CRISIL Short Duration Fund BII Index@  
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Short Term Bond Fund Index to CRISIL Short Duration Fund BII Index.)



**Fund Manager:**  
Mr. Puneet Pal



**Exit load:** Nil.



**Minimum application amount:** Minimum of Rs. 5000/- and in multiples of Re. 1/- thereafter. **Minimum additional investment amount:** Rs. 1000/- and in multiples of Re. 1/- thereafter. **Minimum repurchase / redemption amount:** Rs. 1000/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower.

## 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)         | <b>B-II</b>        |                           |
|                      | Relatively High (Class III) |                    |                           |

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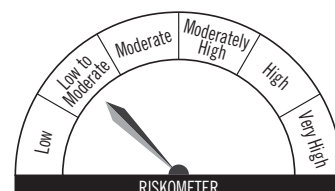
**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

## Riskometer

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

- Income over the short term
- Investment in short term 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