



# PGIM INDIA BANKING AND PSU DEBT FUND

An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds. A relatively high interest rate risk and moderate credit risk scheme.

Rated AAAMfs by ICRA##

March 2023

## Why invest in PGIM India Banking and PSU Debt Fund?

PGIM India Banking and PSU Debt Fund is a low to moderate risk fund that seeks to generate income and capital appreciation by investing predominantly in debt instruments issued by banks, Public Sector Undertakings#, Public Financial institutions and Municipal Bonds.

#A Public Sector Undertaking is defined as a Company having 51% of its outstanding share capital held by the Central Government and/or State Government, directly or indirectly. (Source: www.nseindia.com - definition for Nifty PSE Index).

## Portfolio Positioning\* and Strategy

- Focus will be on investing predominantly in bonds issued by PSUs and various debt instruments issued by banks.
- The scheme is actively managed by the Fund Management team dynamically tracking interest rates, market movements and keeping a close watch on various parameters of the Indian economy as well as developments in global markets.
- 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 holdings help in moderating the return volatility.

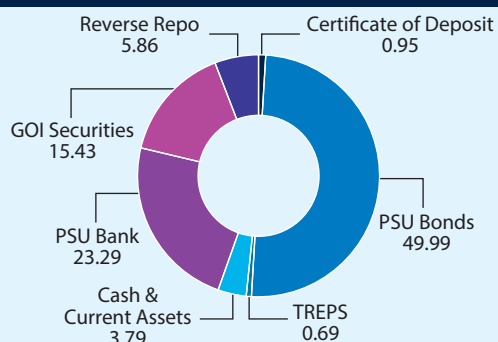
## Portfolio Characteristics\*

- The portfolio predominantly comprises of AAA rated securities issued by PSUs and Sovereign Bonds.
- Modified Duration of the fund will range from 1 to 4 Years

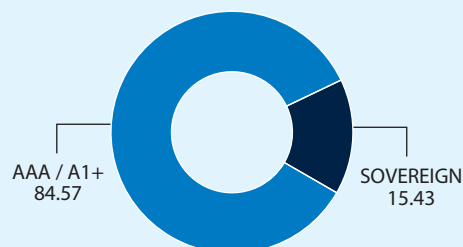
## Who should invest?

PGIM India Banking and PSU Debt Fund is ideal for investors seeking to invest in a debt portfolio with a horizon of at least 1 year.

### Asset Allocation (% AUM)



### Credit Quality Profile (% AUM)



### Maturity Profile As on March 2023 (% of AUM)

0-6 M	10.34
6-12M	0.95
1-3Y	40.97
3-5Y	43.89
5Y+	3.86

### Fund Details as on March 2023

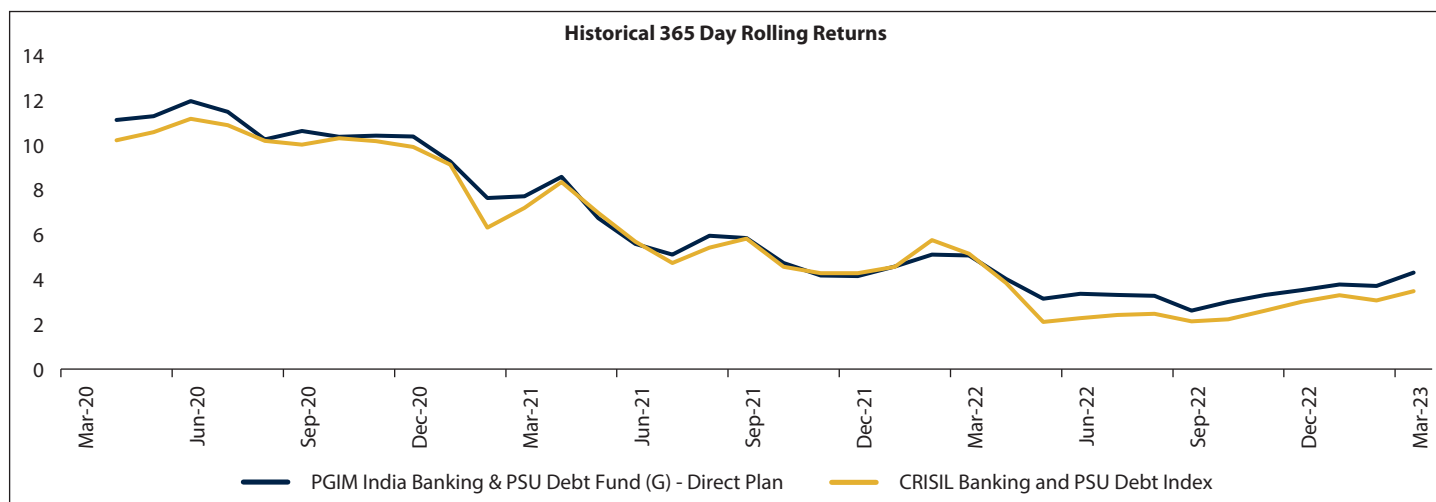
Portfolio Yield (%)	7.47
Average Maturity	2.88 years
Modified Duration	2.40 years
Macaulay Duration	2.55 years

### Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
Power Finance Corporation Ltd.	11.07	CRISIL AAA
Exim Bank	10.34	CRISIL AAA
Indian Railway Finance Corp. Ltd	10.20	CRISIL AAA
Rural Electrification Corporation Ltd.	10.19	CRISIL AAA
Small Industries Development Bank Of India	10.04	CARE AAA
5.74 GOI Mat 2026	9.71	SOV
National Bank For Agriculture & Rural Development	9.09	CRISIL AAA
NTPC Ltd.	5.83	CRISIL AAA
State Bank Of India	3.86	CRISIL AAA
Mahanagar Telephone Nigam Ltd.	2.66	CRISIL AAA (CE)

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

## Historical Rolling Returns



The above historical returns are rolling returns for the Direct Plan - Growth Option and for the period beginning March 31, 2020 to March 31, 2023. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

## Performance (CAGR)

Period	Fund		CRISIL Banking & PSU Debt Index ^		CRISIL 10 Year Gilt Index#	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>Regular Plan - Growth Option</b>						
Last 1 Year	4.00	10,400	3.48	10,348	3.43	10,343
Last 3 Years	5.25	11,659	5.26	11,664	2.70	10,831
Last 5 Years	6.59	13,767	6.77	13,886	5.81	13,270
Since Inception	7.45	20,623	7.88	21,455	6.05	18,063
<b>Direct Plan - Growth Option</b>						
Last 1 Year	4.30	10,430	3.48	10,348	3.43	10,343
Last 3 Years	5.69	11,804	5.26	11,664	2.70	10,831
Last 5 Years	7.07	14,079	6.77	13,886	5.81	13,270
Since Inception	7.95	21,601	7.88	21,455	6.05	18,063

Date of Inception: Regular Plan: March 11, 2013; Direct Plan: March 11, 2013. All the above returns are CAGR. CAGR – Compounded Annual Growth Rate.

^ Scheme Benchmark. # Standard Benchmark. \*Based on standard investment of ₹ 10,000 made at the beginning of the relevant period. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Returns for the benchmark have been calculated using TRI values.

Puneet Pal is managing this fund since December 2017. Different plans have a different expense structure. The above returns are as on March 31, 2023.

## Performance of other funds managed by Fund Manager Puneet Pal as on March 31, 2023

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since	Co-managed by
<b>Top 3 Schemes Performance (%)</b>					
PGIM India Liquid Fund	5.63	4.20	5.26	July 16, 2022	Bhupesh Kalyani
CRISIL Liquid Fund BI Index^	5.86	4.52	5.41		-
PGIM India Overnight Fund	5.36	3.89	-	July 16, 2022	Bhupesh Kalyani
NIFTY 1D Rate Index^	5.53	3.98	-		-
PGIM India Money Market Fund	5.33	4.14	-	July 16, 2022	Bhupesh Kalyani
CRISIL Money Market Fund BI Index^	5.86	4.81	-		-
<b>Bottom 3 Schemes Performance (%)</b>					
PGIM India Midcap Opportunities Fund	-1.44	42.58	16.84	July 16, 2022	Aniruddha Naha (Equity)
NIFTY Midcap 150 TRI^	2.77	37.34	12.44		Vivek Sharma (Equity)
PGIM India ELSS Tax Saver Fund	0.50	31.39	12.28	December 01, 2021	Srinivas Rao Ravuri (Equity)
NIFTY 500 TRI^	-1.22	28.97	11.52		Utkarsh Katkoria (Equity)
PGIM India Balanced Advantage Fund	0.61	-	-	December 21, 2021	Aniruddha Naha (Equity)
CRISIL Hybrid 50+50 Moderate Index^	1.82	-	-		Hitash Dang (Equity) Rahul Jagwani (Overseas)

Mr. Puneet Pal is managing 16 schemes of PGIM India Mutual Fund.

Top three and bottom three schemes managed by the fund manager have been derived on the basis of last one year performance ending on March 31, 2023.

^ Scheme Benchmark. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The above returns are of Regular Plan - Growth Option of respective schemes. All the above returns are CAGR. CAGR - Compounded Annual Growth Rate.

Different plans have a different expense structure. Returns for the benchmark have been calculated using TRI values.

On account of difference in scheme features, the performance of these schemes are not strictly comparable. Please refer [www.pgimindiamf.com](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan).

## Performance of other funds managed by Fund Manager Bhupesh Kalyani as on March 31, 2023

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since	Co-managed by
<b>Top 3 Schemes Performance (%)</b>					
PGIM India Liquid Fund	5.63	4.20	5.26	September 13, 2022	Puneet Pal
CRISIL Liquid Fund BI Index <sup>^</sup>	5.86	4.52	5.41		
PGIM India Overnight Fund	5.36	3.89	–	September 13, 2022	Puneet Pal
Nifty 1D Rate Index <sup>^</sup>	5.53	3.98	–		
PGIM India Money Market Fund	5.33	4.14	–	September 13, 2022	Puneet Pal
CRISIL Money Market Fund BI Index <sup>^</sup>	5.86	4.81	–		
<b>Bottom 3 Schemes Performance (%)</b>					
PGIM India Small Cap Fund	-7.89	–	–	September 13, 2022	Aniruddha Naha (Equity) Ravi Adukia (Equity) Rahul Jagwani (Overseas Investments)
NIFTY Smallcap 250 TRI <sup>^</sup>	-6.03	–	–		
PGIM India Flexi Cap Fund	-4.32	33.15	13.91	September 13, 2022	Aniruddha Naha (Equity) A. Anandha (Equity) Rahul Jagwani (Overseas Investments)
Nifty 500 TR Index <sup>^</sup>	-1.22	28.97	11.52		
PGIM India Hybrid Equity Fund	2.17	19.33	7.39	September 13, 2022	Vivek Sharma (Equity)
CRISIL Hybrid 35+65 - Aggressive Index <sup>^</sup>	1.14	20.42	10.90		Rahul Jagwani (Overseas Investments)

Mr. Bhupesh Kalyani is managing 14 schemes of PGIM India Mutual Fund. Top three and bottom three schemes managed by the fund manager have been derived on the basis of last one year performance ending on March 31, 2023. <sup>^</sup> Scheme Benchmark. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The above returns are of Regular Plan - Growth Option of respective schemes. All the above returns are CAGR. CAGR - Compounded Annual Growth Rate. Different plans have a different expense structure. Returns for the benchmark have been calculated using TRI values. On account of difference in scheme features, the performance of these schemes are not strictly comparable. Please refer [www.pgimindiaf.com](http://www.pgimindiaf.com) for details on performance of all schemes (including Direct Plan).

### Fund Manager's View

- March 2023 may prove to be a turning point in the rate hike cycle being pursued by Central banks across the globe, as the US and European markets were roiled with a banking crisis, and the regulators had to step in to contain the fallout. Given the aggressive and the frontloaded rate hikes across the world, a bit of stress was expected at some point, and it came in the form of a mini banking crisis. Before the crisis unfolded, yields had risen on better than expected economic data and hawkish comments from the Fed / ECB officials as markets started to price in 50bps rate hike by the Fed. It all changed as the trouble started in US regional banks with the Silicon Valley Bank failing and Credit Suisse being taken over by UBS in a move engineered by the regulator. The US yield curve steepened with the US 2yr bond yield falling by almost 90 bps from its peak even as both the Fed and the ECB hiked rates but sounded dovish by acknowledging that the banking crisis will lead to tightening of financial conditions. The Indian Bond curve also steepened with the 2-5yr segment of the curve outperforming as yields in this segment fell by 20-25 bps whereas the yield on the benchmark 10yr bond fell by 12bps.
- Taking cognizance of the banking crisis in US and Europe and the need to assess the Impact of the cumulative 250 bps policy rate hikes done since May of last year, the MPC paused in its April 6th Policy meeting while stating that it's not a pivot. The MPC also forecast a favorable inflation /growth dynamic by lowering its average inflation forecast for FY24 to 5.30% and increasing its GDP growth forecast to 6.50%.
- Liquidity management will become the focus over the next two quarters as the banking system's liquidity has reduced by almost INR 7 lakh cr over the course of the last one year and we expect that the current surplus liquidity will gradually reduce, bringing the focus back on liquidity management as there can be more instances of the MSF rate getting operational as and when liquidity in the banking system gets reduced. This will have implications for corporate bond spreads going forward as they are running quite tight from a historical spread perspective. We believe that the RBI is in for a long pause and we expect status quo on monetary policy to be retained over the next two quarters with a change in monetary stance to "Neutral" coming in at the August MPC Policy.
- The INR appreciated against the US dollar by 0.59% during the month as the Indian trade deficit and BOP came in better than expected and the US dollar also weakened. Brent fell during the month before a surprise production cut by OPEC+ led to a rise in prices in the first week of April.
- FPI flows into Indian Fixed Income markets were muted in March with marginal outflow of USD103 Mn taking the net inflow into debt at USD 357Mn on a CYTD basis.
- The incremental Credit / Deposit ratio of the banking system continues to be elevated with credit growth @15.00% and deposit growth@9.60% on a YoY basis putting pressure on short-term deposit rates and money market yields. This gap between the deposit and the credit growth rates means that the money market rates will continue to sustain at the current elevated levels with the flatness in the curve persisting.
- We expect the 10yr Benchmark bond to trade in a range of 7.10% to 7.40% till April end.

### 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 23 open-ended funds operated by 17 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	
Money market and debt securities issued by Banks, Public Sector Undertakings (PSU), Public Financial institutions (PFI) and Municipal Bonds	80%	100%	Low to Medium
Other Debt and Money Market Securities	0%	20%	Low to Medium

Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



**Benchmark index:**  
CRISIL Banking & PSU Debt Index



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



**Exit load:** Nil.

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

**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 Banking and PSU Debt 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](http://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.

pgim india mutual fund



1800 2667 446

Connect with us on:



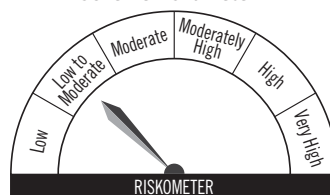
## Riskometer

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

- Income over the short term
- Investment in debt instruments issued by Banks and Public Sector Undertakings, Public Financial institutions and Municipal Bonds
- Degree of risk – LOW TO MODERATE

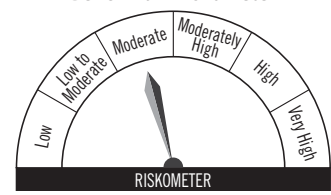
\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Scheme Riskometer



Investors understand that their principal will be at low to moderate risk

### Benchmark Riskometer



CRISIL Banking & PSU Debt Index Benchmark riskometer is at moderate risk

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. © 2023 Prudential Financial, Inc. (PFI) and its related entities. PGIM, the PGIM logo, and the Rock symbol are service marks of Prudential Financial, Inc., and its related entities, registered in many jurisdictions worldwide.

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