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)

March 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 identifi¬cation 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

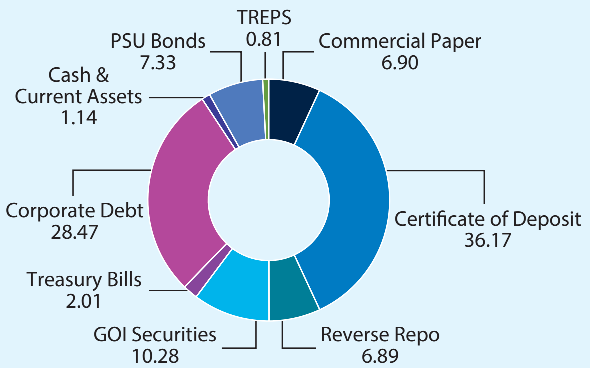
Portfolio Positioning*

- 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.

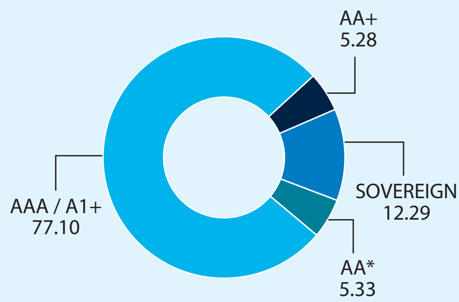
Who should invest?

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)

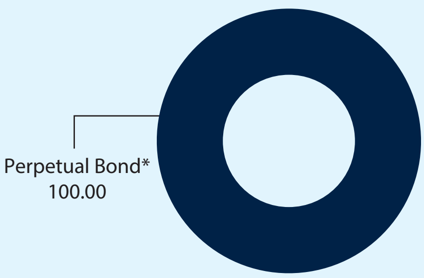


Credit Quality Profile (% AUM)



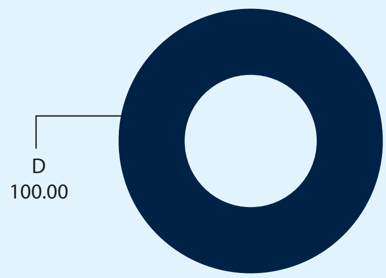
* AA include securities rated as AA and AA-

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)



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

Fund Details

	Main Portfolio	Segregated Portfolio
AUM as on March 31, 2023 (₹ in Crore):	94.63	0.00
For the Debt Portfolio		
Portfolio Yield (%)	7.66	
Macaulay Duration (years)	0.78	
Modified Duration (years)	0.72	
Average Portfolio Maturity (years)	0.88	

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
State Bank Of India	10.23	CARE A1+
LIC Housing Finance Ltd.	8.48	CRISIL AAA
Small Industries Development Bank Of India	7.33	ICRA AAA
Axis Bank Ltd.	7.01	CRISIL A1+
JM Financial Credit Solutions Limited	5.33	ICRA AA
Shriram Finance Ltd (Formerly Shriram Transport Finance Co. Ltd.)	5.28	CRISIL AA+
4.56 GOI Mat 2023	5.20	SOV
Ultratech Cement Ltd.	5.17	CRISIL AAA
ICICI Bank Ltd.	5.11	ICRA A1+
National Bank For Agriculture & Rural Development	4.93	IND A1+

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

- 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 by12bps.
- 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% to7.40% 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 experience 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 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. 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.

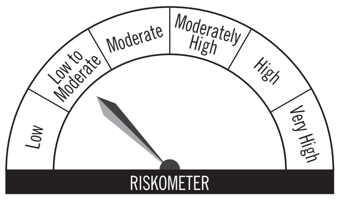
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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

C2-n/2023-24