

PGIM INDIA CORPORATE BOND FUND

(Earlier known as PGIM India Premier Bond Fund)

An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk scheme.

Rated AAAMfs by ICRA##

March 2023



PGIM
India Mutual Fund

Why invest in PGIM India Corporate Bond Fund?

Investors with concerns of credit quality on corporate assets and liquidity pressures, can consider investing in PGIM India Corporate Bond Fund for its very high quality portfolio of instruments. PGIM India Corporate Bond Fund is rated as [ICRA] AAAMfs denoting the highest level of safety regarding timely receipt of payments from the investments the scheme has made.

Investment Strategy

- PGIM India Corporate Bond Fund seeks to generate income through investments in a range of corporate debt, Central & State government securities and money market instruments.
- The portfolio duration is decided based on the fund manager's assessment of expected movement in interest rates, liquidity conditions and other macroeconomic factors.
- The current duration is on the shorter side that allows for relatively lower volatility and 'higher carry'.

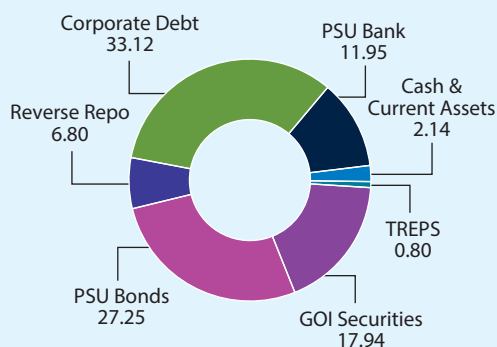
Portfolio Positioning*

- Portfolio predominantly consists of AAA/A1+ rated corporate bonds and PSU/PFI bonds
- Credit Quality as on 31st March, 2023: AAA/A1+/Sovereign securities comprises 92.89% of the portfolio.
- Average maturity of the portfolio as of 31st March, 2023 stood at 3.12 years.

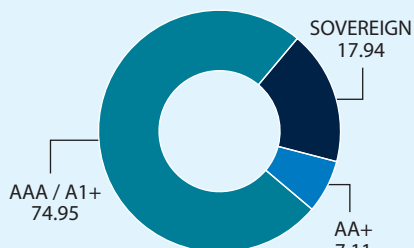
Who should invest?

PGIM India Corporate Bond Fund is ideal for investors considering investing in a moderate portfolio of debt securities including bonds and money market instruments.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Fund Details

AUM as on March 31, 2023 (₹ in Crore): 49.10

For the Debt Portfolio

Portfolio Yield (%)	7.62
Modified Duration (years)	2.56
Average Portfolio Maturity (years)	3.12
Macaulay Duration (years)	2.73

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
5.74 GOI Mat 2026	11.67	SOV
Jamnagar Utilities & Power Private Limited	9.69	CARE AAA
Rural Electrification Corporation Ltd.	8.18	CRISIL AAA
Mahindra & Mahindra Financial Services Ltd	8.17	CRISIL AAA
Indian Railway Finance Corporation Ltd	8.16	CRISIL AAA
Larsen & Toubro Ltd.	8.15	CRISIL AAA
National Bank For Agriculture & Rural Development	8.09	CRISIL AAA
Muthoot Finance Limited	7.11	CRISIL AA+
Small Industries Development Bank Of India	6.05	ICRA AAA
NTPC Ltd.	4.86	CRISIL AAA

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

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

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	
Corporate Debt instruments (AA+ and above rated)	80%	100%	Low to Medium
Other debt (including Government securities) and Money Market Instruments	0%	20%	Low to Medium

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

Key Features



Benchmark index:

CRISIL Corporate Bond Fund BIII Index®
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Corporate Bond Composite Index to CRISIL Corporate Bond Fund BIII 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-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.

##ICRA has assigned the "[ICRA] AAAMfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Corporate Bond 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 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



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Connect with us on:



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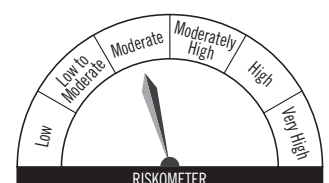
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Riskometer

This product is suitable for investors who are seeking*:

- Income over the medium term
- Investments predominantly in AA+ and above rated corporate bonds including bonds
- Degree of risk – 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 moderate risk