



PGIM INDIA ULTRA SHORT DURATION FUND

(Earlier known as PGIM India Ultra Short Term Fund)

An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. A relatively low interest rate risk and moderate credit risk scheme.

Rated AAAMfs by ICRA##

March 2023

Why invest in PGIM India Ultra Short Duration Fund?

PGIM India Ultra Short Duration Fund is a low to moderate risk fund for short term investing needs.

Investment Strategy

- The aim of the investment strategy is to generate returns with a low to moderate risk, particularly minimal interest rate risk strategy.
- The Scheme shall be actively managed and the Fund Management team shall formulate an active view of the interest rate movement by monitoring various parameters of the Indian economy, as well as developments in global markets.
- The Macaulay Duration of the portfolio will be maintained between 3 months to 6 months.

Portfolio Characteristics*

- The fund has been maintaining a high quality mix of liquid and short term securities which seeks to deliver steady returns with lower volatility.
- Predominantly invested in money market securities and short term bonds.

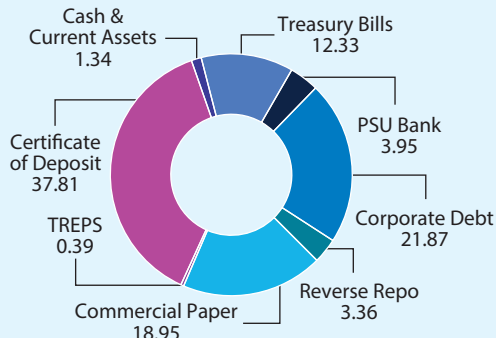
Portfolio Positioning*

- PGIM India Ultra Short Duration Fund does not take duration calls and maintains 'mark to market' exposure at nominal levels in order to moderate volatility in returns.
- Strict control on average maturity, limits the return volatility on the fund.
- Investment in AAA/A1+ rated securities and Sovereign bonds is 100.00%.

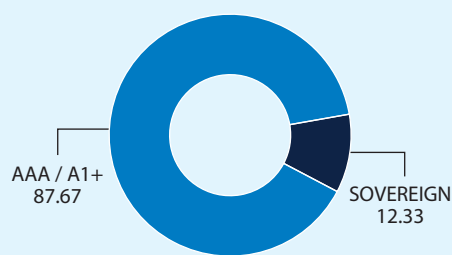
Who should invest?

PGIM India Ultra Short Duration Fund is ideal for investors looking at investing their surplus money for a period of 2-4 months.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



Fund Details

AUM as on March 31, 2023 (₹ in Crore): 379.07

For the Debt Portfolio

Portfolio Yield (%)	7.42
Modified Duration (months)	5.25
Average Portfolio Maturity (months)	5.65
Macaulay Duration (months)	5.65

Maturity Profile As on March 2023 (%)

0-1M	5.08	6-9M	12.05
1-3M	30.62	9-12M	22.18
3-6M	30.07	12M +	0.00

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
L And T Finance Ltd (Old Name Family Credit Ltd)	10.78	CRISIL AAA
Axis Bank Ltd.	7.49	CRISIL A1+
Axis Finance Limited	6.59	IND AAA
Punjab National Bank	6.49	IND A1+
Redington (India) Limited	6.49	CRISIL A1+
HDFC Bank Ltd.	6.27	CARE A1+
Small Industries Development Bank Of India	6.15	CARE A1+
Exim Bank	5.65	CRISIL A1+
182 Days T Bill Mat 2023	5.18	SOV
ICICI Bank Ltd.	5.10	ICRA A1+

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

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

The Macaulay Duration of the portfolio will be maintained between 3 months to 6 months. Please refer to the Scheme Information Document for more details on asset allocation.

Key Features



Benchmark index:

CRISIL Ultra Short Duration Fund BI Index@
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Ultra Short Term Debt Index to CRISIL Ultra Short 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 →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓		B-I	
Relatively Low (Class 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.

##ICRA has assigned the "[ICRA] AAAMfS" (pronounced as ICRA triple A m f s) rating to the PGIM India Ultra Short Duration 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



1800 2667 446

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.

© 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.

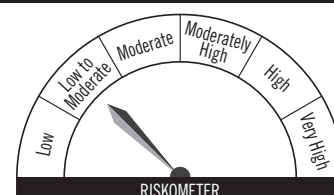
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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