PGIM India Mutual Fund

# 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##*

April 2024

## 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 it's 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'.

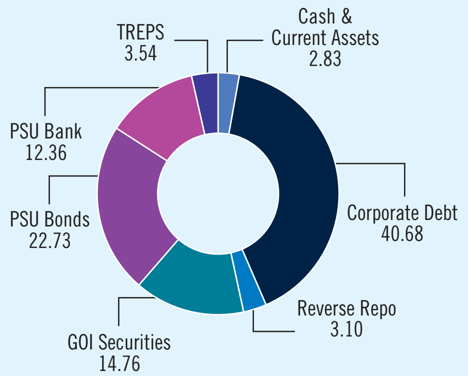
## Portfolio Positioning*

- Portfolio predominantly consists of AAA/A1+ rated corporate bonds and PSU/PFI bonds
- Credit Quality as on 30th April, 2024: AAA/A1+/Sovereign securities comprises 97.98% of the portfolio.
- Average maturity of the portfolio as of 30th April, 2024 stood at 3.30 years.

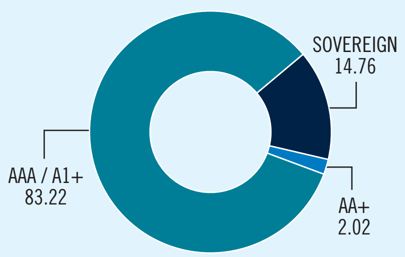
## Who should invest?

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 April 30, 2024 (₹ in Crore): | 99.51 |
| **For the Debt Portfolio** | |
| Portfolio Yield (%) | 7.65 |
| Modified Duration (years) | 2.58 |
| Average Portfolio Maturity (years) | 3.30 |
| Macaulay Duration (years) | 2.74 |

## Portfolio (Top Ten Holdings)

| Issuer | % to Net Assets | Rating |
|---|---|---|
| National Bank For Agriculture & Rural Development | 8.48 | CRISIL AAA |
| 7.26 GOI Mat 2033 | 7.05 | SOV |
| Axis Finance Limited | 5.03 | CRISIL AAA |
| Sikka Port Terminal Ltd (Erstwhile East West Pipeline Limited) | 5.02 | CRISIL AAA |
| HDFC Bank Ltd. | 5.02 | CRISIL AAA |
| Bajaj Housing Finance Ltd | 5.02 | CRISIL AAA |
| Aditya Birla Housing Finance Ltd | 5.02 | ICRA AAA |
| Housing & Urban Development Corporation Ltd | 5.00 | ICRA AAA |
| Small Industries Development Bank Of India | 4.30 | CRISIL AAA |
| 7.18 GOI Mat 2033 | 4.12 | SOV |

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

*All the above data are as on April 30, 2024. * These are based on fund manager's current outlook & Subject to change.*

## Fund Manager's View

- Global cues were the dominant theme for Indian bond markets in April, as yields came under pressure on firming up of global bond yields, especially in the US. Yields were higher, both in the money market and the longer end of the yield curve. The benchmark 10 yr bond yield was up 13 bps while the shorter maturity money market yields (3-6 months maturity) were higher by 15-20 bps as compared to levels seen in the first week of April. In fact, for the money market segment it was a month of two halves, as in the first half of April money market yields came down, while in the second half of the month yields went up. Banking sector liquidity tightened after the GST outflows and also owing to the fact that government surplus continued to build up while spending was in the slow lane and is expected to remain slow till after the general elections get over. Economic data continued its strong run with the revised services PMI coming in at the highest point in the last 13 years. The composite PMI number came in at 61.8, higher than last month's print of 60.60. The IIP and inflation numbers were in line with expectations, though core inflation continued to print lower, coming in at 3.26%, a new low in this series. GST collection crossed the INR 2 tr mark coming in at INR 2.10 tr, a growth of 12.4% YoY. Strong GDP growth rate, stable inflation and external position underscore the current strong macroeconomic position of India, though INR came under pressure during the month on back of a stronger dollar index. INR touched a low of 83.54 against the USD before ending the month at 83.44. FPI inflows in the bond markets turned negative for the first time in seven months as US yields surged. FPI's pulled out USD 1.31 bn from Indian bond markets, though on a CYTD basis FPI flows into debt remains positive at USD 4.40 bn. The yield curve, which had bull flattened over the course of the last couple of months, remained flat as demand-supply dynamics were favourable.
- The OIS curve echoed the bond curve and went higher during the month. 1 yr OIS was up 13 bps ending the month at 6.88% while the 5 yr OIS was up by 26 bps during the month, ending the month at 6.60%. The 1 yr OIS is currently not pricing in any rate cuts over the course of the year.
- Bank of Japan (BOJ) stayed pat on rates after ending its negative interest rate policy in March and given the recalibration on the interest rate outlook of the US Fed, Yen came under pressure before BOJ intervened to stabilise the Yen. While the US Fed stuck to its forecast of rate cuts in the FOMC meeting on May 1, 2024, the US bond market is currently pricing in one rate cut and is split on the possibility of a second rate cut by the end of CY2024. US economic data continues to be quite robust while inflation is proving to be sticky leading the US bond markets to scale back their expectations of rate cuts during 2024. The benchmark US 10 yr yield was higher by 48 bps during April, ending the month at 4.68%.
- Going ahead we believe that RBI is likely to be on a long pause and is likely to start cutting rates only after the developed market central banks start their rate cutting cycle. Given the current growth - inflation dynamics in India, we believe that rate cuts will start from Q3/Q4 of FY 2025 onwards. Markets tend to react before the start of a rate cutting cycle and the current retracement in yields offers a good opportunity to investors to increase their allocation to fixed income as real and nominal yields remain attractive with favourable demand-supply dynamics playing out in the sovereign bond market.

## 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 14 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 Debt A-II Index@
(@w.e.f. March 13, 2024 the benchmark of the scheme has been changed from CRISIL Corporate Bond B-III Index to CRISIL Corporate Debt A-II Index)

**Fund Manager:**
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) | | | |
| 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.



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 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

C23-p/2024-25