PGIM INDIA DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration.
A relatively high interest rate risk and relatively low credit risk scheme.

Rated AAAmfs by ICRA##

July 2022

Why invest in PGIM India Dynamic Bond Fund?

- PGIM India Dynamic Bond Fund is rated as [ICRA] AAAmfs denoting the highest level of safety regarding timely receipt of payments from the investments that they have made.
- PGIM India Dynamic Bond Fund is an actively managed duration fund. The Fund seeks to generate Alpha by taking calls based on active duration / interest rates or on spreads between the curves (that is, the AAA and Government securities) or on the shape of the yield curve.

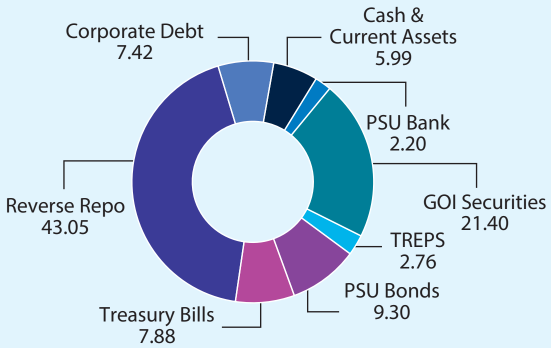
Portfolio Positioning*

- The Fund typically invests predominantly in Government Securities and AAA rated High Quality PSU / Corporate Bonds. The Fund is an actively managed duration fund.

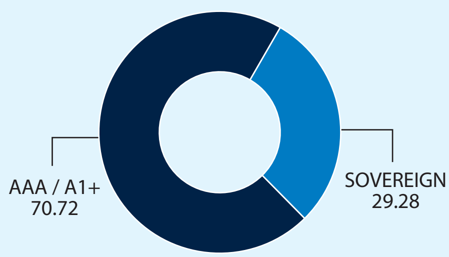
Who should invest?

PGIM India Dynamic Bond Fund is meant for investors who are averse to holding credit risk but who have an appetite to handle volatility arising from duration risk in the portfolio. Ideally meant for investors with a horizon of 18 months and longer.

Asset Allocation (% AUM)



Credit Quality Profile (% AUM)



All the above data are as on July 31, 2022.
** These are based on fund manager's current outlook & Subject to change.*

Fund Details

AUM as on July 31, 2022 (₹ in Crore):	133.60
For the Debt Portfolio	
Portfolio Yield (%)	5.80
Modified Duration (years)	1.29
Average Portfolio Maturity (years)	1.77
Macaulay Duration (years)	1.34

Portfolio Top Ten Holdings

Issuer	% to Net Assets	Rating
6.54 GOI SDL Mat 2032	14.89	SOV
Britannia Industries Limited	7.42	CRISIL AAA
Indian Railway Finance Corporation Ltd	7.41	CRISIL AAA
6.69 GOI SDL Mat 2024	4.50	SOV
91 Days Tbill Mat 2022	3.70	SOV
91 Days Tbill Mat 2022	2.23	SOV
National Bank For Agriculture & Rural Development	2.20	ICRA AAA
182 Days Tbill Mat 2022	1.95	SOV
Food Corporation Of India	1.89	CRISIL AAA (SO)
5.22 GOI Mat 2025	1.08	SOV

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

- Yields came down across the board in the Indian Bond markets for the first time in almost three months on the back of the fall in developed market yields with the recession trade gaining traction after a slew of soft data coming out of US and commodity prices coming off from their highs.
- The US Fed hiked rates by 75 bps though the market took the comment of near to "Neutral rates" by the Fed chairman as a dovish signal and the yields rallied. The fall in the developed market yields had a rub-off effect on Indian yields as the benchmark Indian 10-yr sovereign yield came off by 30 bps from its highs in June.
- Though the yields have come down by 70 bps to 80 bps from their highs in June 2022 in the US and Europe, Central banks across the world continue to tighten policy rates and RBI too hiked rates on August 5 policy meeting by 50bps. We expect the RBI to take the policy repo rate to 6.00%/6.25% by the end of the year, though we think that the risk can be on the upside, as the Credit/Deposit ratio of the banking system has deteriorated (credit growth @14% and deposit growth@8.4% YOY). There is also the matter of the trade deficit rising, with the July trade deficit coming in at USD 31bn, and given the portfolio outflows, the BOP deficit can be to the tune of USD 50-60bn which may warrant the RBI to hike rates more than expected.
- The CPI Inflation print for June (released in July) came in line with expectations @7.01%. Commodity prices continue to correct factoring in a higher probability of recession in the US & Europe on the back of the aggressive monetary stance of the US Fed and ECB. The slowdown in China also contributed to the weakness in the commodity space.
- INR ended the month at 79.27 depreciating by 0.38% during the month, though off from its lows of 80 to a dollar.
- We expect the yield curve to flatten further as the RBI continues to hike rates.
- We continue to be underweight duration as we expect further rate hikes along with liquidity tightening and will look to tactically add duration at yields above 7.50% on the 10yr bond.

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 140-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 instruments & Debt Securities	0%	100%	Medium

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

Key Features

Benchmark index:
CRISIL Dynamic Bond Fund AIII Index@
(@w.e.f. April 01, 2022, the benchmark has been changed from CRISIL Composite Bond Fund Index to CRISIL Dynamic Bond Fund AIII Index.)

Fund Manager:
Mr. Puneet Pal

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)	**A-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.

##ICRA has assigned the "[ICRA] AAAmfs" (pronounced as ICRA triple A m f s) rating to the PGIM India Dynamic 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.

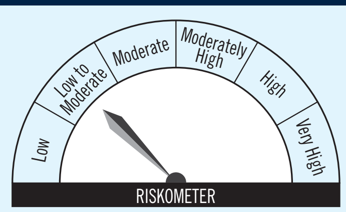
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Riskometer

This product is suitable for investors who are seeking*:

- Regular income for short term
- To generate returns through active management of a portfolio of 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

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