



PGIM INDIA ARBITRAGE FUND

An open ended scheme investing in arbitrage opportunities

November 2021

Portfolio Positioning*

- We run a concentrated portfolio strategy (~45-50 stocks) and prefer to be selective in our approach and invest in companies which have the potential to offer higher arbitrage premiums compared to market average.
- We remain true to the label and manage a pure arbitrage portfolio that is fully hedged at all times. In the portfolio the Fixed income allocation is primarily to top rated short term CDs/CPs/T-Bills and we refrain from taking any kind of credit or duration risks.
- As on month end, 66% of the portfolio was invested in equity arbitrage positions. The arbitrage premiums during the month were primarily in the 35-45bps range. November expiry short roll levels began at 40-45 bps but as participation increased level shrunk to 30-35bps. The open Interest increased in Stock Futures and Index Futures compared to previous month. The total Future open interest stood closer to US\$ 30bn – at the start of the month, around 1% higher than previous month. The open interest data suggest sufficient liquidity in derivative markets.
- The Nifty Futures closed the November series down by -1.8%. Indian markets ended the month on a weak note amid concerns over a new coronavirus variant, the US Federal Reserve increasing its tapering and interest rates sooner than expectations and general inflationary concerns in the domestic market. During the month most sectors under-performed with Banks, Automobile, Realty and FMCG seeing relatively more pressure. Pharmaceutical and I.T. sectors were the relative out-performers.
- FII selling continued, to the tune of US\$ -\$0.8bn in November (YTD +\$5.5bn), despite healthy participation in IPOs and MSCI rebalancing inflows while DII buying ramped up to US\$ +\$4.1bn (YTD +\$8.4bn) driven by both MFs and Insurance companies. The key monitorable for Indian equity markets in the near to medium term are; trajectory of domestic interest rate cycle, global crude prices, tapering and decision on interest rates by US Federal Reserve and potential threat from the new variant.
- In November the short rollovers were ahead of recent averages. Nifty rolled at 83% v/s 3 month average of 80%. Bank Nifty rolled at 84% v/s 3 month average of 81%. Stock Futures rolled at 94% v/s 3 month average of 91%.
- In Options segment, India VIX touched the 20% levels for the first time in 6 months, amidst increasing volatility under FII selling pressure and higher demand for hedges. Maximum Call open interest was seen at 18,000 strike and maximum Put open interest was seen at the 17,000 strike, with incremental Put writing at 16,700 strike. Option data indicates Nifty trading range of 17,000-18,000 for the month.

Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	% of NAV to Derivatives
Adani Ports & Special Economic Zone Ltd.	5.89	-5.91
IndusInd Bank Ltd.	4.84	-4.85
Tata Consultancy Services Ltd.	4.38	-4.39
Adani Enterprises Ltd.	3.38	-3.38
Tata Steel Ltd.	2.94	-2.95
Vedanta Ltd.	2.74	-2.75
Tata Chemicals Ltd.	2.34	-2.34
Steel Authority of India Ltd.	2.27	-2.28
United Spirits Ltd.	2.08	-2.09
Aurobindo Pharma Ltd.	1.99	-2.00
Equity Holdings Total	66.55	-66.72
Government Bond And Treasury Bill	14.47	
Margin Mutual Fund Units	11.96	
Cash & Current Assets	7.02	
Total	100.00	

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

IDCW** History

Record Date	Regular Plan		Direct Plan	
	IDCW**/ unit (₹)#	NAV (₹)	IDCW**/ unit (₹)#	NAV (₹)
Regular IDCW**				
30-Jun-20	0.1500	11.7898	—	—
31-Dec-20	0.1200	11.6944	—	—
26-Mar-21	0.4800	11.6495	0.5200	11.7919
Monthly IDCW**				
17-Sep-21	0.0370	10.6444	0.0420	10.6088
14-Oct-21	0.0370	10.6176	0.0420	10.5820
18-Nov-21	0.0370	10.6282	0.0420	10.5939

On face value of ₹ 10. Post IDCW** per unit NAV will fall to the extent of the payout and applicable tax/surcharges/cess/other statutory levies. IDCW** distribution is subject to availability of distributable surplus. Past Performance may or may not be sustained in future.

**Income Distribution cum Capital Withdrawal option

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 Mutual Fund offers 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 15 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.

PGIM is the global investment management business of PFI, one of the top 10 investment managers* with over USD 1.5 trillion¹ in asset under management. PGIM offers a wide range of actively managed asset classes and investment styles including Equities, Fixed Income and Real Estate. PGIM employs over 1300+ investment professionals located in 39 offices across 17 countries and follows a multi-manager model with strong capabilities beyond traditional assets.

Source: pgim.com *PGIM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest investment manager (out of 477 firms surveyed) in terms of global assets under management based on Pensions & Investments' Top Money Managers list published on May 31, 2021. This ranking represents global assets under management by PFI as of December 31, 2020. ¹All Information as of March 31, 2021.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
Equity and Equity related instruments including Index and stock derivatives	65%	100%	High
Debt and Money Market instruments	0%	35%	Low to Medium

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

Key Features



Benchmark Index:
Nifty 50 Arbitrage TR Index



Application Amount: ₹ 5000/- and in multiples of ₹ 1/- thereafter.

Additional Purchase: ₹ 1000/- and in multiples of ₹ 1/- thereafter.

Repurchase / Redemption Amount: Minimum of ₹ 1000/- and in multiples of ₹ 1/- thereafter or account balance whichever is lower.



Exit load: Nil

No exit load will be charged for switches and STP between any open-ended equity schemes, hybrid schemes (except PGIM India Arbitrage Fund) and fund of funds schemes.



Fund Manager:

Mr. Utkarsh Katkoria & Mr. Hitash Dang (Equity portion) and (w.e.f. December 01, 2021) Mr. Ankur Murarka (Debt portion)

Disclaimer: The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding investment/ disinvestment in securities market and/or suitability of the fund based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary. The AMC has no obligation to update any or all of such information; nor does the AMC make any express or implied warranties or representations as to its completeness or accuracy. There can be no assurance that any forecast made herein will be actually realized. Except for the historical information contained herein, statements in this publication, which contain words or phrases such as 'will', 'would', 'may', 'will' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. The AMC undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. The above forecasts are based on our current view of the likely course of markets over the period nominated. The above forecasts are made as indications only and not as the basis for investment decisions by readers of this material. Persons wishing to make such decisions should obtain their own professional advice. The AMC, its affiliates/associates, their directors, employees, representatives or agents shall not be liable or responsible, in any manner whatsoever, to any Investor/Recipient or any other person/entity, for the performance/ profitability/ operations of the Products or any investments in the Products including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

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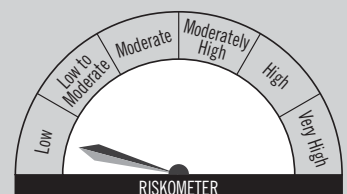
1800 2667 446

Riskometer

This product is suitable for investors who are seeking*:

- Income over short term
- Income through arbitrage opportunities between the equity spot and equity derivatives market and arbitrage opportunities within the equity derivatives segment
- Degree of risk – LOW

*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 risk