

# PGIM INDIA MONEY MARKET FUND

An open ended debt scheme investing in money market instruments.  
A relatively low interest rate risk and moderate credit risk scheme.

Rated A1+ mfs by ICRA##

March 2024



**PGIM**  
India Mutual Fund

## Money Market Fund – A worthwhile option for the short term

A Money Market Fund is permitted to invest in money market instruments which are essentially discounted instruments viz. bank certificates of deposits, Commercial papers, T-bills etc. These instruments can be issued for a maximum maturity of 1 year. The fund enjoys investment flexibility since it can invest in instruments with 1 year tenor.

## Why invest in PGIM India Money Market Fund?

The PGIM India Money Market fund is a “low to moderate volatility” fund that seeks to deliver reasonable market related returns through investments in money market instruments such as Commercial Papers, Bank Certificate of Deposits and T bills, all instruments with a maximum tenor of a year.

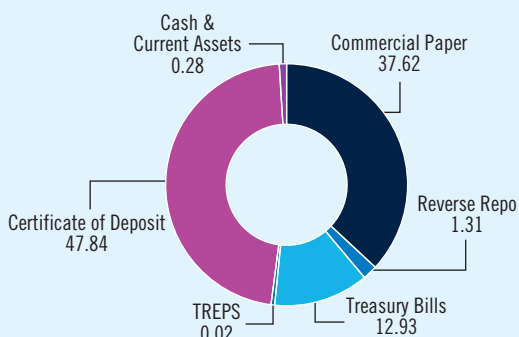
## Portfolio Positioning\* and Strategy

- The fund will invest across a range of money market instruments including Commercial Papers (CPs), Certificates of Deposits (CDs), Treasury Bills, Cash Management Bills (CMBs) and other discounted instruments with tenors not exceeding 1 year. CP investments are restricted to high grade CPs (with long term ratings of AA+/AAA)
- Positioning along the money market curve, depends on steepness and the potential roll-down opportunities that may arise from time to time.
- The Fund will be positioned based on an analysis of liquidity conditions, the shape of the yield curve and other macro-economic indicators.
- Currently, the mid segment of the money market curve looks more attractive and given the existing steepness in this portion, the fund is invested in the 4-9 month segment, . Hence, the average maturity of the fund is closer to the lower end of the band.
- Currently, the portfolio only comprises of AAA/A1+ rated securities and Sovereign Bonds.

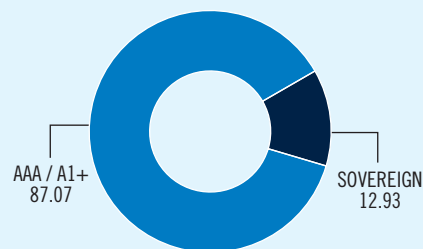
## Who should invest?

- PGIM India Money Market Fund is ideal for investors with the investment horizon of 6-12 months.
- Investors looking for investment avenues to park idle surplus funds for short term and with high liquidity and relatively low return volatility should consider this fund.

## Asset Allocation (% AUM)



## Credit Quality Profile (% AUM)



## Maturity Profile as on March 2024 (% of AUM)

Maturity	Percentage (% of AUM)
0-1M	0.00
1-3M	0.00
3-6M	0.00
6-9M	0.00
9-12M	98.38
Others	1.62

## Fund Details#

Portfolio Yield (%)	7.60
Average Maturity	11.10 Months
Modified Duration	10.32 Months
Macaulay Duration	11.10 Months

## Portfolio (Top Ten Holdings)

Issuer	% to Net Assets	Rating
364 Days T Bill Mat 2025	10.76	SOV
HDFC Bank Ltd.	10.75	CARE A1+
Punjab National Bank	10.34	CRISIL A1+
Exim Bank	9.86	CRISIL A1+
Canara Bank	8.55	CRISIL A1+
LIC Housing Finance Ltd.	8.54	CRISIL A1+
ICICI Securities Ltd	8.53	CRISIL A1+
Aditya Birla Finance	8.53	ICRA A1+
National Bank For Agriculture & Rural Development	8.36	CRISIL A1+
Indian Bank	7.71	CRISIL A1+

## Fund Manager's View

- Indian bond markets were stable and rangebound during the month. Most of the action was concentrated in the money market segment where yields were volatile, as is normally the case during financial year end. The economic data continued its strong run with the composite PMI number staying above 60 after the strong GDP data earlier. IIP and inflation numbers were in line with expectations. Core inflation came in at 3.35%, near all-time low. Current Account Deficit (CAD) was also steady at 1.20% of GDP in Q3-FY24, as services and remittance flows negated a sequentially higher trade deficit. CAD is expected to be in the vicinity of 1% in FY24. Strong GDP growth, stable inflation and external position underscore the current strong macroeconomic position of India. Indian FAR (Fully Accessible Route) bonds were included in the Bloomberg EM local currency government index with a start date of January 31, 2025. The weight of the Indian FAR bonds will be 10%, and will reach their full weightage exposure by November 2025. While the initial news flash had come earlier, in January, the flows are not expected to be significant since the inclusion, as for now the flows are limited to EM local currency government index. However, this is definitely a positive step closer to inclusion in the bigger Bloomberg Global Aggregate Index. The flows expected from this inclusion are around USD 3-4bn, but as highlighted this inclusion can be the catalyst for subsequent inclusion into the larger global aggregate index. Since the announcement of the inclusion of Indian sovereign FAR bonds in the JP Morgan EM Index last year, FPI inflows into the bond markets have topped USD 10bn.
- The yield curve, which had bull flattened after the presentation of the Union Budget, on 1st February 2024, continued to remain flat as the demand supply dynamics remained favourable with the central government borrowing calendar for H1-FY25 came in lower than expected at INR 7.5 trn which is 53% of the total gross borrowings budgeted for FY25. The market was expecting the H1-FY25 borrowings at around 58-60% of the total gross borrowings. In terms of percentage borrowing for the first half, this is the lowest since FY19. The supply in the 10 yr segment is the highest at 25.60% of the total H1-FY25 supply. Supply in the 30-50 yr segment is at 37.30% of total H1 supply. The indicative calendar for gross SDL borrowing for Q1-FY25 came in at INR 2.54 trn, which is slightly higher than expectations.

State Government (SDL) supply picked up sharply towards the end of the month with more than INR 1.50 trn of SDL issuance in the last two weeks of the month, which pressurised the longer end of the curve.

- PFI inflows into debt continued, but lagged the pace of the first two months of CY24 with USD 1.64 bn inflow in bonds in March. INR weakened to an all-time low against the US Dollar, touching 83.43 even as India's FX reserves rose to an all-time high of USD 642 bn. Most of the Asian currencies were weaker on back of the weakness in the Chinese currency and INR also came under pressure as a result.
- The 1 yr OIS was up 1 bps, closing at 6.75% at March end while the 5 yr OIS was at 6.35%, down 1bps compared to February. While the benchmark 10 yr bond yield was down 2 bps the 15 year segment outperformed. Most of the action was in the money market segment (up to 1 year maturity) where yields were volatile owing to the financial year-end related liquidity woes that pushed down yields by 20-30 bps across the money market curve at March end.
- Bank of Japan ended its negative interest rate policy, which the markets were expecting, while the US Fed stuck to its forecast of 3 rate cuts, later in the year, in a close 10-9 decision. US economic data continues to be quite robust with sticky inflation leading the US bond markets to scale back their expectations of rate cuts this year. The bond markets, which were pricing in almost 150 bps of rate cuts in 2024 at the start of the year are now pricing in around 75 bps of rate cuts. At 4.20% towards end of the month, the benchmark US 10 yr yield was lower by 5 bps.
- 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 the rate-cutting cycle. Given the current growth-inflation dynamics in India, we believe rate cuts will start from Q3 of CY2024 onwards. Markets tend to react before the start of a rate cutting cycle and the current yield levels offers a good opportunity for 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 13 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	
Money Market instruments	0%	100%	Low

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

## Key Features



**Benchmark index:**  
CRISIL Money Market A-I Index  
(w.e.f. March 13, 2024, the benchmark of the scheme has been changed from CRISIL Money Market B-I Index to CRISIL Money Market A-I 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 ↓	Relatively Low (Class I)	<b>B-I</b>	
	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.

## ICRA has assigned the "[ICRA]A1+mfs" (pronounced as ICRA A one plus m f s) rating to the PGIM India Money Market Fund. Schemes with "[ICRA]A1mfs" rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made. Modifier "+" (plus) can be used with the rating symbol to reflect the comparative standing within the category. 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](http://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.

© 2024 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\*:

- Regular income for short term
- Investments in 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