



PGIM
India Mutual Fund

Policy on Protection of Interests of Investors of Mid-cap and Small-cap Schemes of PGIM India Mutual Fund

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Ver. 1.0

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Table of Contents

1. Background	2
2. Policy Ownership	4
3. Policy Review	4



1. Background

PGIM India Mutual Fund has been constituted as a Trust and PGIM India Trustees Private Limited acts as the Trustee. The Trustee has appointed PGIM India Asset Management Private Limited (the “**AMC**”), as the Investment Manager for the schemes launched by the Trust and is also required to ensure that the acts of the Investment Manager are in accordance with the SEBI (Mutual Funds) Regulations, 1996.

Pursuant to SEBI's directive, Association of Mutual Funds in India (AMFI), vide its letter dated February 27, 2024, advised the Trustees of Mutual Fund to put up a policy to protect the interest of investors of Mid-cap and Small-cap schemes, in consultation with Unitholder Protection Committee of the Asset Management Company. Further, among others, the Policy shall, inter alia, include the following aspects -

- (a) Appropriate and proactive measures to be taken by AMCs and Fund Managers to protect investors, including but not limited to moderating inflows, portfolio rebalancing, etc.
- (b) Steps to ensure that investors are protected from the first mover advantage of redeeming investors.

The details of Mid-cap and Small-cap schemes launched by PGIM India Mutual Fund are provided below:

Sr. No.	Name of the Scheme	Average Net Assets Under Management - February 2024 (INR in crore)
1.	PGIM India Mid Cap Fund	10,002.07
2.	PGIM India Small Cap Fund	1,452.55

The AMC endeavours to address the points (a) and (b) mentioned above through the following measures.

1. Portfolio Construction and Diversification

- a) Considering the inherent nature of Midcap and Smallcap securities, in terms of higher volatility and lower liquidity/volume as compared



to Large cap stocks, the Fund Manager shall ensure the portfolio is liquid enough to manage redemptions, keeping in view relevant factors, including the past trends and concentration profile of the investors.

- b) The Fund Managers will ensure a minimum number of stocks in the portfolios of the Small Cap and Mid Cap schemes to ensure adequate portfolio diversification. This will be based on the liquidity profile of the stocks and the Fund Manager will ensure that the same is monitored on daily basis and reported to Investment Committee on monthly basis. In case the liquidity profile is seen to deteriorate below a threshold, the Fund Manager will take steps to ensure a minimum liquidity in the portfolio based on the investor concentration and market trading volumes in the segment.

2. Stress Testing

AMC shall perform appropriate stress testing of mid cap and Small cap funds at least on monthly basis, and present the results to the Investment Committee on Monthly basis and to the Risk Management Committee on quarterly basis. In case the test shows any stress, the portfolio shall be appropriately rebalanced.

3. Communication

AMC shall ensure that in all its advertisement w.r.t. Mid-cap and Small-cap Schemes, appropriate disclaimers, riskometer etc, are disclosed especially while displaying the performance of the scheme.

4. Monitoring and Management of Inflows/outflows

- a) AMC shall monitor the pace and extent of inflows in the schemes and ability of the fund to invest in line with scheme objectives and strategy, and can consider if the situation so warrants, based on the recommendations of Fund Manager and Investment Committee, restrictions on fresh inflows through lump sum amount or cap on SIPs, switches etc. with the approval of the Boards of AMC and Trustees.



b) The following instances shall also be reported to the Investment Committee on Monthly basis:

(i) Monthly Inflows and outflows for the small cap and mid cap funds as a % of fund size.

(ii) Liquidity of scheme in terms of days to liquidation for defined portfolio values at defined levels of participation.

(iii) Client Concentration of top 1, 5 and 25 investors in the fund where Top 1 Investor $\geq 10\%$, 2 - 5 Investor holding $\geq 20\%$, 6 - 25 Investor holding $\geq 30\%$

(iv) Distributor Concentration of top 1, 5 and 25 distributors in the fund where Top 1 Distributor $\geq 10\%$, 2 - 5 Distributor holding $\geq 20\%$, 6 - 10 Distributor holding $\geq 30\%$

(v) Portfolio holdings greater than 3 % of the outstanding paid up share capital of the company.

2. Policy Ownership

The Chief Investment Officer – Mutual Fund is the owner of this policy and would ensure compliance with the requirements of the policy.

3. Policy Review

- The policy shall be reviewed by the Investment Committee as and when need arises or at least on annual basis to ensure that the policy continues to reflect the evolving market scenarios.
- The policy shall also be placed before the Unit Holders Protection Committee and Boards of AMC and Trustees for their review and approval on an annual basis.