

## PGIM India Mutual Fund

### SCHEME INFORMATION DOCUMENT (SID)



#### SECTION – I

### PGIM India Ultra Short Duration Fund

(An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. A relatively low interest rate risk and moderate credit risk scheme.)

(Please refer page no. 11 for concept of Macaulay duration)

Product labelling for the scheme is as follow:

<p><b>This product is suitable for investors who are seeking*</b></p> <ul style="list-style-type: none"> <li>Income over the short term</li> <li>Investment in short term debt and money market instruments</li> </ul>	<p style="text-align: center;"><b>Scheme Riskometer</b></p>  <p style="text-align: center;">Investors understand that their principal will be at Low to Moderate risk</p>	<p style="text-align: center;"><b>Benchmark Riskometer</b></p>  <p style="text-align: center;">Benchmark riskometer is at moderate risk</p> <p style="text-align: center;"><b>AMFI Tier 1 Benchmark - CRISIL Ultra Short Duration Debt A-I Index</b></p>
--	--	---

\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

#### Potential Risk Class Matrix Cell

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)			

#### Continuous Offer of Units at NAV based prices

<b>Name of the Mutual Fund</b>	PGIM India Mutual Fund
<b>Name of the Asset Management Company</b>	PGIM India Asset Management Private Limited
<b>Name of the Trustee Company</b>	PGIM India Trustees Private Limited
<b>Address of the entities</b>	4 <sup>th</sup> Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
<b>Website</b>	<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document (SID).

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of PGIM India Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on [www.pgimindiamf.com](http://www.pgimindiamf.com)**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website, [www.pgimindiamf.com](http://www.pgimindiamf.com)**

**The Scheme Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated June 26, 2024.

## Contents

Section – I .....	0
Part I. Highlights / Summary Of The Scheme .....	3
Part II. Information About The Scheme .....	9
A. How Will The Scheme Allocate Its Assets? .....	9
B. Where Will The Scheme Invest? .....	12
C. What Are The Investment Strategies? .....	13
D. How Will The Scheme Benchmark Its Performance? .....	15
E. Who Manages The Scheme?.....	16
F. How is the scheme different from existing schemes of the mutual fund?.....	17
G. How Has The Scheme Performed? .....	17
H. Additional Scheme Related Disclosures: .....	18
Part III- Other Details.....	20
A. Computation Of Nav.....	20
B. New Fund Offer (NFO) Expenses .....	21
C. Annual Scheme Recurring Expenses .....	21
D. Load Structure .....	24
Section II .....	26
I. Introduction.....	26
A. Definitions/interpretation.....	26
B. Risk Factors .....	26
C. Risk Mitigation Strategies: .....	32
II. Information about the scheme:.....	34
A. Where will the scheme invest – .....	34
B. What are the investment restrictions? .....	37
C. Fundamental Attributes.....	40
D. Other Scheme Specific Disclosures: .....	41
III. Other Details .....	50
A. Periodic Disclosures: .....	50
B. Transparency/NAV Disclosure: .....	51
C. Transaction charges and stamp duty:.....	52
D. Associate Transactions: .....	52
E. Taxation: .....	52
F. Rights of Unitholders:.....	53
G. List of official points of acceptance:.....	53
H. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority .....	54

**Part I. HIGHLIGHTS / SUMMARY OF THE SCHEME**

Sr. No.	Title	Description
I.	<b>Name of the scheme</b>	PGIM India Ultra Short Duration Fund
II.	<b>Category of the scheme</b>	Ultra-Short Duration Fund
III.	<b>Scheme Type</b>	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. A relatively low interest rate risk and moderate credit risk scheme
IV.	<b>Scheme Code</b>	PGIM/O/D/USD/03/07/0005
V.	<b>Investment objective</b>	To provide liquidity and seek to generate returns by investing in a mix of short term debt and money market instruments.  However, there is no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/indicate any returns.
VI.	<b>Liquidity details / listing</b>	The Scheme offers Units for Subscription/switch in and Redemption/switch out at NAV based prices on all Business Days on an ongoing basis.  The AMC shall dispatch the redemption proceeds within 3 business days from date of receipt of valid redemption request from the Unit holder.  In case of exceptional circumstances as prescribed under paragraph 14.1.3 of SEBI Master Circular for Mutual Funds dated May 19, 2023 and amended from time to time, redemption or repurchase proceeds shall be transferred / dispatched to Unitholders within the time frame prescribed for such exceptional circumstances.  Currently the Units of the Scheme are not proposed to be listed on any stock exchange
VII.	<b>Benchmark</b>	CRISIL Ultra Short Duration Debt A-I Index  As required under clause 1.9 of Master Circular dated May 19, 2023, the benchmark has been selected from amongst those notified by AMFI as the first tier benchmark to be adopted by mutual funds and which are reflective of the category of the scheme.  CRISIL Ultra Short Duration Debt A-I Index seeks to track the performance of an ultra-short term debt portfolio comprising of T-bills, AAA rated short term corporate bonds and CPs, CDs issued by issuers having long term AAA rating. This is a suitable benchmark in terms of underlying investment universe and duration profile and hence this index would serve as an appropriate benchmark for comparing the returns of the Scheme. The above benchmark is line with paragraph 1.9 of SEBI Master Circular dated May 19, 2023.
VIII.	<b>NAV Disclosure</b>	The NAV of the Scheme will be calculated and disclosed on all Business Days. The AMC shall update the NAVs on the website of the AMC ( <a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a> ) and of the Association of Mutual Funds in India-AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ) before 11:00 p.m. on every Business Day.  In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.

		For further details, please refer Section II.								
<b>IX.</b>	<b>Applicable Timelines</b>	<p>Dispatch of redemption proceeds:</p> <p>The AMC shall dispatch the redemption proceeds within 3 business days from date of receipt of valid redemption request from the Unit holder.</p> <p>Dispatch of IDCW:</p> <p>The IDCW proceeds shall be remitted to the Unitholder within 7 business days from the record date.</p>								
<b>X.</b>	<b>Plans &amp; Options</b>  Plans/Options and sub options under the Scheme	<p>The Scheme offers two plans viz. Regular Plan and Direct Plan.</p> <p>Direct Plan is only for investors who purchase /subscribe Units in the Scheme directly with the Fund and is not available for investors who route their investments through a Distributor and is offered in accordance with paragraph 2.5 of SEBI Master Circular dated May 19, 2023.</p> <p>Each Plan has two Options, viz., Growth Option and Income Distribution cum Capital Withdrawal (IDCW) Option. IDCW Option has the following three facilities:</p> <ol style="list-style-type: none"> <li>i. Payout of Income Distribution cum Capital Withdrawal option (IDCW- Payout);</li> <li>ii. Reinvestment of Income Distribution cum Capital Withdrawal option (IDCW- Reinvestment);</li> <li>iii. Transfer of Income Distribution cum Capital Withdrawal plan (IDCW- Transfer).#</li> </ol> <p>#No fresh application under IDCW Transfer Facility is accepted w.e.f. February 1, 2024.</p> <p><b>IDCW Reinvestment Frequency – : Daily, Weekly &amp; Monthly</b></p> <p><b>IDCW Payout Frequency – : Monthly</b></p> <p><b>IDCW Transfer Frequency –: Weekly &amp; Monthly</b></p> <table border="1" data-bbox="560 1455 1328 1612"> <thead> <tr> <th><b>IDCW Frequency</b></th> <th><b>Record Date</b></th> </tr> </thead> <tbody> <tr> <td>Daily IDCW</td> <td>All days for which NAV is declared by AMC</td> </tr> <tr> <td>Weekly IDCW</td> <td>Every Friday*</td> </tr> <tr> <td>Monthly IDCW</td> <td>Last Friday of the Month*</td> </tr> </tbody> </table> <p>*If the record date is not a business day, the record date shall be the business day prior to the record date.</p> <p><b>Default Option/facility:</b></p> <p>The investor must clearly specify his/her choice of Option/facility in the application form, in the absence of which, the Default Option/facility would be applicable and the application will be processed accordingly:</p>	<b>IDCW Frequency</b>	<b>Record Date</b>	Daily IDCW	All days for which NAV is declared by AMC	Weekly IDCW	Every Friday*	Monthly IDCW	Last Friday of the Month*
<b>IDCW Frequency</b>	<b>Record Date</b>									
Daily IDCW	All days for which NAV is declared by AMC									
Weekly IDCW	Every Friday*									
Monthly IDCW	Last Friday of the Month*									

		<p><b>Default Option:</b> Growth Option (if the investor has not indicated choice between ‘Growth’ or ‘IDCW’ Options).</p> <p><b>Default Frequency under IDCW Option:</b> Daily</p> <p><b>Default facility Under IDCW Option:</b> IDCW Reinvestment</p> <p>All plans/options under the Scheme shall have common portfolio.</p> <p>Kindly refer SAI for detailed disclosure on:</p> <ol style="list-style-type: none"> <li>Default plans and options;</li> <li>Treatment of purchase/switch/ Systematic Investment Plans (SIPs)/ Systematic Transfer Plans (STPs) transactions received through distributors who are suspended temporarily or terminated permanently by AMFI.</li> <li>Treatment of applications under “Direct” / “Regular” Plans;</li> <li>Other updates</li> </ol>
<b>XI.</b>	<b>Loads</b>	<b>Exit Load:</b> Nil
<b>XII.</b>	<b>Minimum Application amount / switch in</b>	<b>Initial Purchase</b> – Minimum of Rs. 5000/- and in multiples of Re. 1/- thereafter.
<b>XIII.</b>	<b>Minimum Additional Purchase amount</b>	<b>Additional Purchase</b> - Minimum of Rs.1,000/- and in multiples of Re.1/-thereafter.
<b>XIV.</b>	<b>Minimum Redemption / switch out amount</b>	<b>Redemption / Switch out</b> – Minimum amount of Rs. 1000/- and in multiples of Re.1/- thereafter or account balance whichever is lower.
<b>XV.</b>	<p><b>New Fund Offer Period</b>          This is the period during which a new scheme sells its units to the investors.</p>	<p>Not Applicable.</p> <p>The Scheme is open on an ongoing basis for subscription/ redemption at NAV based prices.</p>
<b>XVI.</b>	<p><b>New Fund Offer Price</b>          This is the price per unit that the investors have to pay to invest during the NFO</p>	<p>Not Applicable</p> <p>The Scheme is open on an ongoing basis for subscription/ redemption at NAV based prices.</p>
<b>XVII.</b>	<b>Segregated portfolio/side pocketing disclosure</b>	The AMC has a written down policy on Creation of segregated portfolio which is approved by the Trustees. Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time.

		<p>Creation of Segregated portfolio is optional and is at the discretion of the AMC. Currently no segregated portfolio is created under the scheme.</p> <p>For details, on writeup of Segregated portfolio kindly refer SAI.</p>
<b>XVIII.</b>	<b>Swing pricing disclosure</b>	<p>The scheme has enabling provision for Swing pricing.</p> <p>For details, on Swing pricing disclosure kindly refer SAI.</p>
<b>XIX.</b>	<b>Stock lending/short selling</b>	<p>The Scheme shall not engage in stock lending / short selling.</p>
<b>XX.</b>	<b>How to Apply and other details</b>	<p>Investor can obtain application form / Key Information Memorandum (KIM) from PGIM India AMC branch offices, Investor services centers and RTA's (Kfin) branch office. Investors can also download application form / Key Information Memorandum (KIM) from our website (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>).</p> <p>The list of the Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund is available on the website of the AMC. i.e. <a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a></p> <p>Please refer to the SAI and Application form for the instructions.</p> <p>For further details, please refer Section II.</p>
<b>XXI.</b>	<b>Investor services</b>	<p>Investors may make any service request or complaints or enquiries by calling the AMC's Investor Helpline "1800 266 7446 " (toll-free) or send an e-mail to <a href="mailto:care@pgimindia.co.in">care@pgimindia.co.in</a></p> <p>The customer service representatives may require personal information of the customer for verification of the customer's identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any grievances promptly. For any queries / complaints / feedbacks investors may contact:</p> <p><b>Mr. Ranjit Venugopal,</b>        PGIM India Mutual Fund        Investor Relations Officer        1 D, First Floor, Century Plaza        No. 560/561 - Anna Salai, Teynampet        Chennai – 600018.</p> <p>Tel: +91-44-40745800</p>
<b>XXII.</b>	<b>Specific attribute of the scheme (such as lock in, duration in case of target maturity scheme/close ended schemes) (as applicable)</b>	<b>Not Applicable</b>
<b>XXIII.</b>	<b>Special product/facility available during the</b>	<p>The Special Products / Facilities available during on an ongoing basis are as follows:</p>

	<b>NFO and on ongoing basis</b>	<ul style="list-style-type: none"> <li>i. Systematic Investment Plan (SIP)</li> <li>ii. Top-up facility under Systematic Investment Plan</li> <li>iii. Systematic Investment Plan ('SIP') Pause Facility</li> <li>iv. Systematic Transfer Plan (STP)</li> <li>v. Systematic Withdrawal Plan (SWP)</li> <li>vi. Facility to transact in the Scheme through MF Utility Portal</li> <li>vii. Facility to Purchase/Redeem Units of the Scheme(s) through Stock Exchange(s)</li> <li>viii. Application / Request Through Fax / Online Transactions</li> </ul> <p>For further details of above special products / facilities, kindly refer SAI</p>
<b>XXIV.</b>	<b>Weblink</b>	<p>Weblink for TER for last 6 months, Daily TER and Scheme factsheet:</p> <p>TER (Last 6 months and daily TER): <a href="https://www.pgimindiamf.com/statutory-disclosure/portfolio-related/expense-ratio">https://www.pgimindiamf.com/statutory-disclosure/portfolio-related/expense-ratio</a></p> <p>Scheme Factsheet: <a href="https://www.pgimindiamf.com/forms-and-updates/fund-factsheet">https://www.pgimindiamf.com/forms-and-updates/fund-factsheet</a></p>



## **DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- (i) The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time;
- (ii) All legal requirements connected with the launching of the Scheme and also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with;
- (iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the scheme;
- (iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- (v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct.
- (vi) A confirmation that the AMC has complied with the compliance checklist applicable for Scheme Information Documents and other than cited deviations/ that there are no deviations from the regulations.
- (vii) Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.
- (viii) The Trustees have ensured that PGIM India Ultra Short Duration Fund approved by them is a new product offered by PGIM India Mutual Fund and is not a minor modification of any existing scheme/fund/product.

Place: Mumbai  
Date: June 26, 2024

**Name** : Sandeep Kamath  
**Designation** : Head - Compliance & Legal

## Part II. INFORMATION ABOUT THE SCHEME

### A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

The asset allocation in the Scheme under normal circumstances will be as follows:

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Debt and Money Market Instruments including Government securities	0%	100%

The Macaulay Duration of the portfolio will be maintained between 3 months to 6 months.

#### Indicative Table: (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sr. No.	Type of Instrument	Percentage of exposure	Circular references
1.	Derivatives	The Scheme may invest in derivatives instruments to the extent of 50% of the Net Assets as permitted.  The Scheme may use Fixed Income derivatives for such purposes as maybe permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI and RBI from time to time.	Paragraph 12.25 of SEBI Master Circular for Mutual Funds dated May 19, 2023.
2.	Securitized Debt	The Scheme may invest up to 50% of net assets in securitized debt.	Paragraph 12.15 of SEBI Master Circular for Mutual Funds dated May 19, 2023.
3.	Securities lending and Borrowing	The Scheme will not engage in scrip lending.	-
4.	Overseas securities	If the Scheme decides to invest in foreign debt securities, such investments will not exceed 25% of the net assets of the Scheme.	Paragraph 12.19 of SEBI Master Circular for Mutual Funds dated May 19, 2023.
5.	Other mutual funds	The scheme may invest in the units of Mutual Fund Schemes.  Such investment shall not exceed 5% of the net asset value of the Fund.	Clause 4 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.
6.	Repo/ reverse repo transactions in corporate debt securities	The Scheme may invest in repo of corporate debt securities	Paragraph 12.18 of SEBI Master Circular for Mutual Funds dated May 19, 2023
7.	Credit Default Swaps	The Scheme may invest in Credit Default Swaps (CDS)	Paragraph 12.28 of SEBI Master Circular for Mutual Funds dated May 19, 2023.

In accordance with paragraph 4.6 of SEBI Master Circular for Mutual Funds dated May 19, 2023, the scheme shall hold at least 10% of its net assets in liquid assets or liquidity in terms of AMFI Best Practices Circular, whichever is higher. In case the exposure in such liquid assets / securities falls below the threshold mandated above, the AMC shall ensure compliance with the above requirement before making any further investment.

The cumulative gross exposure through debt, money market instruments, derivative positions (including fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme.

Pending deployment of funds of a Scheme in terms of the investment objectives of the Scheme, the AMC may invest the funds of the Scheme in short term deposits of scheduled commercial banks in accordance with the guidelines set out by SEBI under the Regulations. The Scheme will comply with the following guidelines/restrictions for parking of funds in short term deposits:-

- a. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
- b. Such short-term deposits shall be held in the name of the Scheme.
- c. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with the approval of the Trustee.
- d. Parking of funds in short term deposits of associate and Sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- e. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
- f. The Scheme shall not park funds in short-term deposit of a bank which has invested in the said Scheme. Further Trustees/AMC shall also ensure that a bank in which scheme has short term deposit does not invest in the Scheme until the Scheme has short term deposits with such bank.
- g. AMC shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

However, the above provisions will not apply to term deposits placed as margins for trading in cash and derivatives market.

### **Overseas Investments by the Scheme**

According to paragraph 12.19 of SEBI Master Circular for Mutual Funds dated May 19, 2023, mutual funds can invest in certain permissible foreign securities.

As per paragraph 12.19.1 of SEBI Master Circular for Mutual Funds dated May 19, 2023 such investments are subject to an overall limit of US\$ 7 billion for all mutual funds put together. The Mutual Funds have been allowed an individual limit of US\$ 1 billion for overseas investments. The Scheme may, with the approval of SEBI/ RBI invest in foreign securities as specified by SEBI. The overall ceiling for investment in overseas ETFs that invest in securities is US \$ 1 billion subject to a maximum of US \$ 300 million per mutual fund.

The AMC is allowed to invest in overseas securities up to 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion per Mutual Fund. The above limits shall be considered as soft limits for the purpose of reporting only by Mutual Funds on monthly basis as per paragraph 12.19.1.3(d) of SEBI Master Circular for Mutual Funds dated May 19, 2023.

The above limits shall be considered as soft limits for the purpose of reporting only by Mutual Funds on monthly basis as per paragraph 12.19.1.3(d) of SEBI Master Circular for Mutual Funds dated May 19, 2023.

The Mutual Fund may, where necessary will appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses.

### **Investment in the units of CDMDF:**

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, scheme shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF') within 10 working days from the request of CDMDF. Further, an incremental contribution to

CDMDF shall be made every six months within 10 working days from the end of half year starting from December 2023 to ensure 25 bps of scheme AUM is invested in units of CDMDF.

However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

However, in case of winding up of contributing Scheme, inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken.

Further, investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

### **Definition of 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.

Macaulay duration can be calculated:

$$\text{MacaulayDuration} = \frac{\sum_{t=1}^n \frac{t * C}{(1+y)^t} + \frac{n * M}{(1+y)^n}}{\text{Current Bond Price}}$$

Where:

- t = respective time period
- C = periodic coupon payment
- y = periodic yield
- n = total number of periods
- M = maturity value
- Current Bond Price = Present value of cash flows

### **Portfolio Rebalancing**

In accordance with the provision of paragraph 1.14.1.2(b) and 2.9 of SEBI Master Circular for Mutual Funds dated May 19, 2023 in case of deviation from the mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of AMCs), the portfolio would be rebalanced within 30 business days from the date of deviation. Where the portfolio is not rebalanced within 30 business days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. However, at all times, the portfolio will adhere to the overall investment objective of the scheme.

In case the portfolio of schemes is not rebalanced within the aforementioned mandated plus extended timelines, AMCs shall:

- i. not be permitted to launch any new scheme till the time the portfolio is rebalanced;
- ii. not to levy exit load, if any, on the investors exiting such scheme

### **Short term defensive consideration:**

Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations in line with paragraph 1.14.1.2(b) of SEBI Master Circular for Mutual Funds dated May 19, 2023 and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation.

## **B. WHERE WILL THE SCHEME INVEST?**

Subject to the Regulations and other prevailing laws as applicable, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

- 1) Securities created and issued by the Central and State Governments and/or repos/ reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- 2) Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- 3) Debt securities issued by domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- 4) Corporate debt securities (of both public and private sector undertakings)
- 5) Securities issued by banks (both public and private sector) as permitted by SEBI from time to time and development financial institutions
- 6) Money market instruments permitted by SEBI, having maturities of up to one year, or in alternative investment for the call money market.
- 7) Certificate of Deposits (CDs)
- 8) Commercial Paper (CPs)
- 9) Tri – Party Repo (TREPs)
- 10) The non-convertible part of convertible securities
- 11) Any other domestic fixed income securities including Structured Obligation include but are not limited to Asset Backed Securities, Mortgage Backed Securities, Future Flow Transactions, Partial / Full Guarantees Structures.
- 12) Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Stock / Index Futures, Stock / Index Options and such other derivative instruments permitted by SEBI.
- 13) Foreign securities as defined under Paragraph 12.19 of SEBI master circular dated May 19, 2023. The Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI and RBI from time to time.
- 14) Schemes managed by the AMC or the schemes launched by SEBI registered Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations.
- 15) Any other instruments, as may be permitted by RBI / SEBI / such other Regulatory Authority, from time to time, subject to Regulatory approval.

The securities mentioned above could be listed or permitted unlisted, privately placed, secured or unsecured, rated or un-rated and of any maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired from primary market / initial public offer (IPO) secondary market operations, private placement or negotiated deals.

### **Investment in CDMDF-**

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, scheme shall invest 25 bps of its AUM.

### **CDMDF Framework-**

CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559€ dated July 26, 2023 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time, which includes the framework for corporate debt market development fund. The framework will be inclusive of following points-

- a. The CDMDF shall deal only in following securities during normal times:
  - Low duration Government Securities
  - Treasury bills
  - Tri-party Repo on G-sec
  - Guaranteed corporate bond repo with maturity not exceeding 7 days
- b. The fees and expenses of CDMDF shall be as follows:

- During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.
  - During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.
  - “Portfolio Value” means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the CDMDf.
- c. Corporate debt securities to be bought by CDMDf during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.
- d. CDMDf shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time
- e. CDMDf shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDf, specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time.

### **C. WHAT ARE THE INVESTMENT STRATEGIES?**

The Fund Management team endeavors to meet the investment objective whilst maintaining a balance between safety, liquidity and the profitability aspect of various investments. The aim of the investment strategy is to generate returns in the short term with a low risk, particularly minimal interest rate risk strategy. The Scheme shall be actively managed and the Fund Management team shall formulate an active view of the interest rate movement by monitoring various parameters of the Indian economy, as well as developments in global markets. The Macaulay Duration of the portfolio will be maintained between 3 months to 6 months. Investments in debt instruments carry various risks like interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst these cannot be done away with, they may be minimized by diversification and effective use of hedging techniques. The Scheme may invest in short term deposits of scheduled commercial banks and in accordance with SEBI circulars issued from time to time. The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

Investment views/decisions inter alia may be taken on the basis of the following parameters:

1. Liquidity of the security
2. Quality of the security/instrument (including the financial health of the issuer)
3. Maturity profile of the instrument
4. Returns offered relative to alternative investment opportunities.
5. Prevailing interest rate scenario
6. Any other factors considered relevant in the opinion of the Fund Management team.

The Scheme may also use derivatives to reduce the volatility of the portfolio and/or to enhance the portfolio returns. The Scheme may try to identify securities that yield relative value over others for similar risk and liquidity level. Various analytical tools like yield curve analysis, spreads between asset classes, horizon returns, forward implied interest rates, may be deployed to evaluate various investment options.

Debt securities (in the form of floating rate bond/notes, nonconvertible debentures, bonds, secured premium notes, zero interest bonds, deep discount bonds, securitized debt, pass through certificates, asset backed securities, mortgage backed securities and any other domestic fixed income/ debt securities including structured obligations etc.)

#### **Investment in Fixed Income Derivative Instruments:-**

SEBI vide paragraph 12.6 of SEBI Master Circular for Mutual Funds dated May 19, 2023 permitted all mutual funds to participate in derivatives trading subject to observance of guidelines issued by SEBI in this behalf.

Pursuant to SEBI Circular no. MFD/CIR/21/25467/2002 dated December 31, 2002, MFD/CIR No. 03/158/03 dated June 10, 2003, CIR No. 4/2627/2004 dated February 6, 2004, DNP/Cir-30/2006 dated January 20, 2006, 2010 read in line with paragraph 12.25 of SEBI Master Circular dated May 19, 2023. and such other circular issued by SEBI from time to time in this regard, the Scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements, stock future or other derivative instruments for the purpose of hedging and portfolio balancing or for its efficient management.

Derivative instruments offer unique advantages like security exposures without the attendant execution and settlement risk. Derivative instruments carry a high risk return ratio. It is like an insurance policy where one has to pay the premium up-front and the benefit is contingent upon an event. Derivative instrument if used on a leveraged basis could distort the risk return ratio considerably even with a small price movement (the scheme will not take a leveraged exposure). It requires a high level of knowledge, understanding and surveillance to control risk.

The Scheme may use derivative instruments primarily to protect the value of portfolio against potential risks such as interest rate risk, credit risks, reinvestment risk and liquidity risks. This protection is also known as hedge. At the same time, however, a properly correlated hedge will result in a gain in the portfolio position being offset by a loss in the hedge position. As a result, the use of derivatives could limit any potential gain from an increase in value of the position hedged. In addition, an exposure to derivatives in excess of the hedging requirement can lead to losses. IRS and FRAs do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Derivative instruments may take form of Interest rate swaps, Forward rate agreements and such other derivative instruments as may be available from time to time and appropriate for the portfolio. The Scheme, however, will use the derivative instruments very judiciously and keep in mind the overall objective the scheme.

For details of risk factors relating to use of Derivatives, the investors are advised to refer to Scheme Specific Risk Factors.

For further details regarding concepts and examples of derivatives that may be used by the fund manager, please refer to SAI.

### **Securitisation**

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific Receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (e.g., promissory notes, pass through certificates or other debt instruments) to investors, such instruments evidencing the beneficial ownership of the investors in the Receivables. The financial instruments are rated by an independent credit rating agency. An Investor's Agent is normally appointed for providing trusteeship services for the transaction.

On the recommendation of the credit rating agency, additional credit support (Credit Enhancement) may be provided in order that the instrument may receive the desired level of rating. Typically the servicing of the Receivables is continued by the seller in the capacity of the Servicer. Cash flows, as and when they are received, are passed onto the investors.

### **Risk Control**

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process.

The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. Stock specific risk will be minimized by investing only in those companies that have been analyzed by the Investment Team at the AMC. For investments in debt securities, the AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous and in-depth credit evaluation of the securities proposed to be invested in, will be carried out by the investment team of the AMC. Rated Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided but not limited by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Fitch or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, investment will



be in accordance with Guidelines approved by the Board. Further, all investments in the unrated paper are periodically reviewed by Investment Committee and the Board of AMC & Trustee Company.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

### **Portfolio Turnover**

Portfolio turnover is defined as the aggregate of purchases and sales as a percentage of the corpus of the Scheme during a specified period of time. Portfolio turnover in the Scheme will be a function of market opportunities. The economic environment changes on a continuous basis and exposes debt portfolio to systematic as well as nonsystematic risk. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

The Investment Manager will endeavor to optimise portfolio turnover to optimise risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for scrip/securities held in the portfolio rather than an indication of a change in AMC's view on a scrip, etc.

### **D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

**Benchmark (Total Returns Index):** CRISIL Ultra Short Duration Debt A-I Index Index.

**As required under clause 1.9 of Master Circular dated May 19, 2023, the benchmark has been selected from amongst those notified by AMFI as the first tier benchmark to be adopted by mutual funds and which are reflective of the category of the scheme.**

CRISIL Ultra Short Duration Debt A-I Index seeks to track the performance of an ultra-short term debt portfolio comprising of T-bills, AAA rated short term corporate bonds and CPs, CDs issued by issuers having long term AAA rating. This is a suitable benchmark in terms of underlying investment universe and duration profile and hence this index would serve as an appropriate benchmark for comparing the returns of the Scheme. The above benchmark is in line with paragraph 1.9 of SEBI Master Circular dated May 19, 2023.

The Trustee/AMC reserves the right to change the benchmark for evaluating the performance of the Scheme from time to time, in conformity with the investment objective of the Scheme and the appropriateness of the benchmark, subject to SEBI guidelines and other prevalent guidelines.



### E. WHO MANAGES THE SCHEME?

Mr. Puneet Pal and Mr. Bhupesh Kalyani are involved in the management of the Scheme.

Name, Designation & Tenure in managing Scheme	Age / Educational Qualifications	Brief Experience	Name of other Schemes under his management
Mr. Puneet Pal  Debt Fund Manager  Tenure in managing the scheme: Managing the scheme for more than 1 year	Age: 47 years  Qualification: MBA (Finance) from Symbiosis Institute of Business Management, Pune	More than 22 years of experience in the Debt markets within the Mutual Fund space. Below are details on his past stints: <ul style="list-style-type: none"> <li>• December 01, 2021 onwards – Head – Fixed Income - PGIM India Asset Management Private Limited</li> <li>• December 13, 2017 to November 30, 2021 - Deputy Head - Fixed Income - PGIM India Asset Management Private Limited</li> <li>• February 2012 to December 12, 2017 - Head - Fixed Income - BNP Paribas Asset Management India Pvt. Ltd.</li> <li>• July 2008 to February 2012 - Sr. Vice President &amp; Fund Manager - UTI Asset Management Company Ltd.</li> <li>• August 2006 to July 2008 - Fund Manager - Tata Asset Management Ltd.</li> <li>• April 2004 to August 2006 - Asst. Fund Manager - UTI Asset Management Company Ltd.</li> <li>• June 2001 to March 2004 - Dealer - UTI Asset Management Company Ltd.</li> </ul>	PGIM India Flexi Cap Fund, PGIM India Midcap Opportunities Fund, PGIM India Small Cap Fund, PGIM India Arbitrage Fund, PGIM India Equity Savings Fund, PGIM India Hybrid Equity Fund, PGIM India Balanced Advantage Fund, PGIM India Large and Mid Cap Fund and PGIM India Retirement Fund (Debt Portion)  PGIM India Money Market Fund, PGIM India Overnight Fund, PGIM India Liquid Fund, PGIM India Corporate Bond Fund, PGIM India Gilt Fund, PGIM India Dynamic Bond Fund and PGIM India CRISIL Gilt Index - Apr 2028 Fund (Jointly managed with Mr. Bhupesh Kalyani)
Mr. Bhupesh Kalyani  Debt Fund Manager  Tenure in managing the scheme: Managing the scheme for more than 1 year	Age: 48 years  Qualification: ACA, Grad CWA	Over 19 years of experience in fund management of fixed income securities: <ul style="list-style-type: none"> <li>• September 13, 2022 onwards - PGIM India Asset Management Pvt Ltd. - Fund Manager – Fixed Income;</li> <li>• January 25, 2017 - September 06, 2022 - IDBI Mutual Fund - Debt Fund Manager;</li> <li>• August 2012 - August 2016 - Star Union Dai-ichi Life Insurance - Debt Fund Manager;</li> <li>• November 2009 - August 2012- Tata Mutual Fund - Dealer – Fixed Income.</li> </ul>	PGIM India Large Cap Fund, PGIM India ELSS Tax Saver Fund (Debt Portion)  PGIM India Overnight Fund, PGIM India Liquid Fund, PGIM India Corporate Bond Fund, PGIM India Money Market Fund, PGIM India Dynamic Bond Fund, PGIM India Gilt Fund and PGIM India CRISIL Gilt Index - Apr 2028 Fund (Jointly managed with Mr. Puneet Pal)

**F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?**

Sr. no.	Name of the Scheme	Category of the Scheme	Type of the Scheme
1.	PGIM India Liquid Fund	Liquid Fund	An open ended liquid scheme. A relatively low interest rate risk and moderate credit risk scheme.
2.	PGIM India Money Market Fund	Money Market Fund	An open ended debt scheme investing in money market instruments  (The scheme has 1 segregated portfolio which was created under PGIM India Credit Risk Fund. Main portfolio of PGIM India Credit Risk Fund was merged with PGIM India Low Duration Fund w.e.f. January 22, 2022 which was further merged with PGIM India Money Market Fund w.e.f. September 30, 2023.)
3.	PGIM India Dynamic Bond Fund	Dynamic Bond	An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk scheme.
4.	PGIM India Corporate Bond Fund	Corporate 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.
5.	PGIM India Gilt Fund	Gilt Fund	An open ended debt scheme investing in government securities across maturities. A relatively high interest rate risk and relatively low credit risk scheme.
6.	PGIM India Overnight Fund	Overnight Fund	An open ended debt scheme investing in overnight securities. A relatively low interest rate risk and relatively low credit risk scheme

For detailed comparative table of the aforesaid schemes, please refer <https://www.pgimindiaf.com/statutory-disclosure/sid-kim-sai-related-disclosures>

**G. HOW HAS THE SCHEME PERFORMED?**

Performance of the Scheme as of May 31, 2024

Compounded Annualised Returns <sup>^^</sup>	Regular Plan Returns <sup>^</sup> (%)	Direct Plan Returns <sup>^</sup> (%)	Benchmark Returns <sup>#</sup> (%)
Returns for the last 1 Year	6.62	7.32	7.53
Returns for the last 3 Year	5.19	5.82	5.96
Returns for the last 5 Year	6.60	7.08	5.95
Since Inception	7.53	—	7.43
	—	8.02	7.22

Past performance may or may not be sustained in future & should not be used as a basis of comparison with other investments.

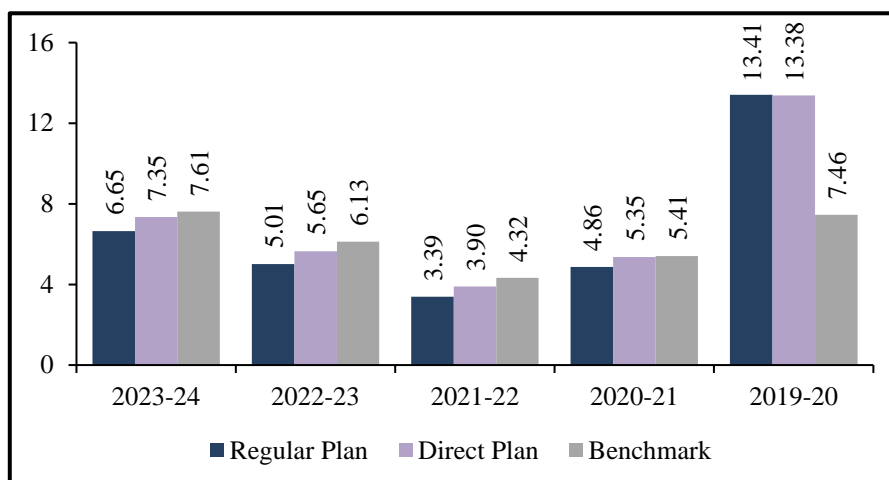
<sup>^</sup> Returns are calculated on Growth Option NAV.

<sup>^^</sup> Returns are calculated on Compounded Annualised basis for a period of more than a year and on an absolute basis for a period of less than or equal to a year.

<sup>#</sup> The benchmark of the scheme has been changed from CRISIL Ultra Short Duration Fund B1 Index to CRISIL Ultra Short Duration Debt A-I Index

Inception Date: Regular Plan: November 18, 2008; Direct Plan: January 01, 2013

**Absolute Returns for each Financial Year**



Returns are computed from the date of allotment/1st April, as the case may be, to 31st March of the respective financial year.

#### H. ADDITIONAL SCHEME RELATED DISCLOSURES:

##### 1. Scheme's Portfolio (top 10 holdings by issuer and fund allocation towards various sectors)

- **Top 10 holdings by issuer as on May 31, 2024:** <https://www.pgimindiamf.com/statutory-disclosure/sid-kim-sai-related-disclosures>
- **Sector allocation as on May 31, 2024:** <https://www.pgimindiamf.com/statutory-disclosure/sid-kim-sai-related-disclosures>

##### 2. Portfolio Disclosure:

- **Fortnightly:** <https://www.pgimindiamf.com/statutory-disclosure/fortnightlyportfolio>
- **Monthly & Half Yearly:** [www.pgimindiamf.com/statutory-disclosure/financials](http://www.pgimindiamf.com/statutory-disclosure/financials)

##### 3. Portfolio turnover ratio of the Scheme as on May 31, 2024: Not Applicable.

##### 4. Aggregate investment in the scheme by by Fund Managers as on May 31, 2024:

Sr. No.	Category of Persons	Net Value		Market Value (in Rs.)
		Units	NAV Per Unit	
	<b>Concerned Scheme's Fund Manager(s)</b>			
1.	Mr. Puneet Pal	6,769.99	32.90	2,22,689.18
2.	Mr. Bhupesh Kalyani	3,057.87	32.90	1,00,584.29

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

##### 5. Investments of AMC in the Scheme:

The AMC may invest in the Scheme, subject to the Regulations and to the extent permitted by its Board from time to time. As per the existing Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme.

Please refer [www.pgimindiamf.com/statutory-disclosure/financials](http://www.pgimindiamf.com/statutory-disclosure/financials) for Investments of AMC in the Scheme.

**Investments of AMC in the units of CDMDF:**

Pursuant to regulation 43A of SEBI (Mutual Funds) Regulations, 1996 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the specified debt oriented schemes as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF') within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

In case of delay in contribution by the Scheme and AMC, the AMC shall be liable to pay interest at fifteen percent (15%) per annum for the period of delay.

### **Part III- OTHER DETAILS**

#### **A. COMPUTATION OF NAV**

NAV of Units under the Scheme will be calculated by the following method:

NAV (Rs.) =	Market or Fair Value of Scheme's investments + Current Assets - Current Liabilities and Provisions
	No. of Units outstanding under the Scheme

Note:

- The NAV is rounded off upto 4 decimal places.
- Separate NAV will be calculated and disclosed for each Plan/Option.
- The AMC will calculate and disclose the NAV of the Scheme on all the Business Days.
- The valuation of the Scheme's assets and computation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

#### **The numerical illustration of the above method is provided below**

Market or Fair Value of Scheme's investment (Rs.) = 1,15,12,05,600.00

Current Assets (Rs.) = 60,00,000.00

Current Liabilities (Rs.) = 40,00,000.00

No of units Outstanding under the scheme = 10,00,00,000

$$\text{NAV Per Unit (Rs.)} = \frac{115,12,05,600 + 60,00,000 - 40,00,000}{10,00,00,000} = 11.5321$$

The aforesaid provision pertaining to "Calculation of NAV" shall apply in respect of each individual scheme and / or plan as the case may be. The NAV per unit above is rounded off to four decimals

The NAV will be calculated as of the close of every Business Day.

#### **Methodology for calculation of sale and re-purchase price of the units of mutual fund scheme:**

<b>Ongoing price for subscription (purchase)/ switch-in (from other Schemes of the Mutual Fund) by investors.</b>  This is the price you need to pay for purchase /switch-in.	At the applicable NAV.  Ongoing Price for subscription = Applicable NAV*(1+ Entry Load, (if any))  Example:  If the Applicable NAV is Rs.10, Entry Load is nil then sales price will be = Rs. 10* (1+0) = Rs. 10
<b>Ongoing price for redemption (sale) /switch outs (to other schemes of the Mutual Fund) by investors.</b>	At the applicable NAV, subject to prevailing exit load.  Redemption Price = Applicable NAV*(1- Exit Load, (if any))  Example:

This is the price you will receive for redemptions/switch outs.	If the Applicable NAV is Rs.10, Exit Load is 1% then redemption price will be = Rs. 10* (1-0.01) = Rs. 9.90
---	---

The Redemption Price will not be lower than 95% of the NAV or as permitted / prescribed under the SEBI Regulations from time to time.

For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. Kindly refer SAI.

#### **B. NEW FUND OFFER (NFO) EXPENSES**

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees marketing and advertising, Registrar expenses, printing and stationary, bank charges etc. All such expenses are borne by the AMC.

#### **C. ANNUAL SCHEME RECURRING EXPENSES**

These are the fees and expenses for operating the Scheme. These expenses include the Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' Fee, marketing and selling costs etc. as given below:

The AMC has estimated that up to **2.00 %** of the daily net assets of the scheme will be charged to the scheme as expenses.

#### **Operating & recurring expenses under regulation 52 (6) & 52 (6A):**

- a) The total expense ratio that can be charged to the Scheme, excluding issue or redemption expenses, whether initially borne by the mutual fund or by the AMC, but including the investment management and advisory fee shall be as follows:

<b>Assets under management Slab (In Rs. crore)</b>	<b>Total expense ratio limits</b>
on the first Rs.500 crores of the daily net assets	2.00%
on the next Rs.250 crores of the daily net assets	1.75%
on the next Rs.1,250 crores of the daily net assets	1.50%
on the next Rs.3,000 crores of the daily net assets	1.35%
on the next Rs.5,000 crores of the daily net assets	1.25%
On the next Rs.40,000 crores of the daily net assets	Total expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof
On balance of the assets	0.80%

- b) In addition to the annual recurring expenses stated in (a) above, the following costs or expenses may be charged to the Scheme:-
- i. Brokerage and transaction cost incurred for the purpose of execution shall be charged to the schemes as provided under Regulation 52 (6A) (a) upto 0.12 percent and 0.05 per cent for cash market transactions and derivatives transactions respectively. Any payment towards brokerage & transaction costs, over and above the said 0.12 per cent and 0.05 per cent for cash market transactions and derivatives transactions respectively may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Finds) Regulations, 1996.

- ii. Additional Expenses not exceeding of 0.30 per cent of daily net assets of the schemes, if the new inflows from beyond top 30 cities (as per SEBI Regulations /Circulars/ AMFI data) are at least (i) 30 per cent of gross new inflows from retail investors\* in the scheme, or (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher. Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub- clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

*\*Inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from “retail investors.*

The additional expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities. Provided further that amount incurred as additional expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

**Note:** Pursuant to the directions received from SEBI vide its letter no. SEBI/HO/IMD-SEC-3/P/OW/2023/5823/1 dated February 24, 2023 read along with AMFI communication dated March 02, 2023, w.e.f March 01, 2023 no additional expense shall be charged on the new inflows received on or after March 01, 2023 from specified cities as per Regulation 52 (6A) (b) till any further guidance is received from SEBI in this regard.

- iii. Additional expenses not exceeding 0.05 per cent of daily net assets of the scheme, towards the investment and advisory fees or various other permissible expenses; (It may be noted that these expenses will not be charged in case the scheme does not charge an exit load)

Within such total recurring expenses charged to the Scheme as above, the investment management and advisory fee (charged as a percentage of daily net assets) would be as decided by the AMC from time to time, provided that the investment management and advisory fee shall not exceed the aggregate of expenses charged under clause (a) and (b) (iii) above.

In terms of paragraph 10.1.16 of SEBI Master Circular for Mutual Fund dated May 19, 2023, the AMC shall annually set apart at least 0.02% on daily net assets within the maximum limit of recurring expenses as per Regulation 52 for investor education and awareness initiatives.

The maximum annual recurring expenses of the Scheme including the investment management and advisory fee (together with additional management fee wherever applicable) shall not exceed the limit stated in Regulation 52 read with paragraph 10.1 of SEBI Master Circular for Mutual Fund dated May 19, 2023, as explained above.

#### **Goods and Services tax (GST):-**

- AMC may charge GST on investment and advisory fees of the Scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A).
- GST on expenses other than investment and advisory fees: AMC may charge GST on expenses other than investment and advisory fees of the Scheme, if any within the maximum limit of TER as per the Regulation under 52(6) and (6A).
- GST on brokerage & transaction cost: GST on brokerage and transaction costs which are incurred for the purpose of execution of trade, will be within the limit of expenses as per the Regulation 52(6) and (6A). Further, the Goods and Services tax on exit load, if any, shall be paid out of the exit load proceeds and the exit load net of Goods and Services tax, if any, shall be credited back to the scheme.

All fees and expenses charged in the Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under the Regular Plan. The Direct Plan under the Scheme shall have a lower expense ratio as compared to the Regular Plan. Commission/ Distribution expenses will not be charged in case of Direct Plan. The Direct Plan shall also have separate NAV. For the actual current expenses being charged, the investor may

refer to the website of the Mutual Fund ([www.pgimindiamf.com](http://www.pgimindiamf.com)). Further, the disclosure of Total Expense Ratio (TER) on a daily basis shall also be made on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). The Mutual Fund would update the expense ratios on the website at least three business days prior to the effective date of the change. Additionally, TER is also available on website <https://www.pgimindiamf.com/statutory-disclosure/portfolio-related/expense-ratio>.

The AMC has estimated the following total expenses for the first Rs. 500 Crores of the daily net assets of the Scheme:-

Expense Head	% of daily Net Assets
Investment Management and Advisory Fees	Upto 2.00%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and IDCW redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps for cash market trades and 5 bps for derivatives transactions	
Goods and Services tax on expenses other than investment and advisory fees	
Goods and Services tax on brokerage and transaction cost	
Other Expenses*	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)</b>	<b>Upto 2.00%</b>
Additional expenses under regulation 52 (6A) (c)s	Upto 0.05% **
Additional expenses for gross new inflows from beyond top 30 cities	Upto 0.30%

\*Any other expenses which are directly attributable to the Scheme, except those expenses which are specifically prohibited, may be charged with the approval of the Trustee within the overall limits specified in the SEBI (Mutual Funds) Regulations.

\*\* It may be noted that these expenses will not be charged in case the scheme does not charge an exit load.

The purpose of the above table is to assist the investor in understanding the various costs & expenses that an investor in the Scheme will bear directly or indirectly. The above expenses (including Investment Management and Advisory Fees) are subject to inter-se change and may increase/decrease as per actual and/or any change in the Regulations. All types of expenses charged to the Scheme shall be in accordance with the SEBI (MF) Regulations.

The entire exit load (net of Goods and services tax), charged, if any, shall be credited to the Scheme.

#### Illustration of impact of expense ratio on scheme's returns



Particulars	Regular Plan	Direct Plan
Amount Invested at the beginning of the year (in Rs.)	10,000.00	10,000.00
Returns after Brokerage and Transaction Cost but before other expenses and Investment Management and Advisory Fees (in Rs.)	1,000.00	1,000.00
Returns after Brokerage and Transaction Cost but before other expenses and Investment Management and Advisory Fees (%)	10.00%	10.00%
Distribution Expenses (in Rs.)	150.00	0.00
Expenses other than Distribution Expenses (in Rs.)	20.00	20.00
Investment Management and Advisory Fees (in Rs.)	60.00	60.00
Returns after Brokerage and Transaction Cost ,other expenses and Investment Management and Advisory Fees (in Rs.)	770.00	920.00

The present illustration is calculated pursuant to the requirements of paragraph 5.8.2.2 of SEBI Master Circular for Mutual Fund dated May 19, 2023. The purpose of an illustration is to purely explain the impact of expense ratio charged to the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments. Actual returns on your investment may be more, or less. The expenses of the Direct Plan under the Scheme will be lower to the extent of distribution expenses/commission. The NAVs published by the AMC are net of scheme expenses and they reflects return on investment to investors, provided investment is not subject to exit load. Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to consult his or her own financial advisor.

#### **D. LOAD STRUCTURE**

Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time.

The load structure of the Scheme is as follows:

Type of Load	Load chargeable (as % of NAV)
Exit	Nil

The AMC/Trustee reserves the right to change / modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations.

#### **Exit Load for switches within the Scheme:-**

- Where the investments were routed through a distributor (i.e. made with distributor code), any Switch of Units from the Regular Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any. However, any subsequent switch - out or redemption of such investments from the Direct Plan will not be subject to any exit load;
- Where investments were made directly i.e. without any distributor code, exit load will not be levied on switch of Units from Regular Plan to Direct Plan of that Scheme. However, any subsequent switch-out or redemption will be subject to exit load applicable from the original date of investment;

- (c) No exit load shall be levied in case of switch of Units from Direct Plan to Regular Plan of a Scheme. However, any subsequent switch-out or redemption of such investment from the Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.

**Load exemptions:**

- AMC shall not charge any load on units allotted on reinvestment of IDCW for existing as well as prospective investors.
- No Exit Load will be charged on Intra-Scheme switches i.e., switches between Growth and IDCW Options.

Any change in the load structure shall be applicable on prospective investments only. For any change in load structure, the AMC will issue an addendum and display it on its Website ( [www.pgimindiamf.com](http://www.pgimindiamf.com)) and Investor Service Centres. The addendum will also be circulated to all the distributors / brokers, so that the same can be attached to all SIDs and Key Information Memoranda in stock till the same is updated and reprinted. The AMC would make arrangements to display the addendum to the SID in the form of a notice at all the Investor Service Centres. The change in the Exit Load and would be disclosed in the statement of accounts issued after the introduction of such Load. Any other measures which the Mutual Fund may feel necessary would be undertaken.

The investors are requested to check the prevailing load structure of the Scheme before investing. For the current applicable exit load structure, please refer to the website of the AMC ([www.pgimindiamf.com](http://www.pgimindiamf.com)) or may call at 1800 266 7446 (toll free no.) or your distributor.

## Section II

### **I. Introduction**

#### **A. Definitions/interpretation**

For detailed description please click the link: <https://www.pgimindiamf.com/statutory-disclosure/sid-kim-sai-related-disclosures>

#### **B. Risk Factors**

##### **i. Standard Risk Factors**

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the scheme does not in any manner indicate either the quality of the scheme or their future prospects and returns.
- Save as otherwise provided in the Regulations, the Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1,00,000/- made by it towards setting up the Fund.
- The aforesaid scheme is not guaranteed or assured return scheme.

##### **ii. Scheme Specific Risk Factors**

#### **1. Risk Factors Associated with Fixed Income and Money Market Instruments:**

- a. The Scheme may invest in debt and debt related instruments, as may be permitted by SEBI, from time to time. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. The length of time for settlement may affect the Scheme in the event the Scheme has to meet an exceptionally large number of redemption requests. The Scheme will retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
- b. A fundamental risk relating to all fixed income securities is a chance that an issuer will fail to make a principal and interest payment when due (credit risk). Issuers with higher credit risks typically offer higher yields for this added risk. Conversely, issuers with lower credit risk offer lower credit yields. Generally government securities are considered to be the safest in terms of the credit risk. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on a firms credit quality and security values. While it is the intent of the Investment Manager to invest primarily in highly rated debt securities, the Schemes may from time to time invest in higher yielding, lower rated securities. This is likely to enhance the degree of credit risk. The Investment Manager will endeavor to manage credit risk through in-house credit analysis.
- c. All fixed income securities are also affected by changes in interest rates (interest rate risk). The prices of debt securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than the short-term securities. The Debt markets can be volatile leading to the possibility of up or down movements in prices of fixed income securities and thus the possible movements in the NAV. The Scheme may use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Scheme's portfolio.
- d. Debt securities may also be subject to price volatility due to factors such as market perception of the issuer and general market liquidity conditions (market risk).
- e. Lower rated or unrated securities are more likely to react to developments affecting the credit market than highly rated securities, which react primarily to movements in the general level of interest rates. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities. The Investment Manager will consider both credit risk and market risk in making investment decisions.

- f. The corporate debt market is relatively illiquid vis-à-vis the government securities market. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.
- g. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and credit quality.
- h. Apart from normal credit risk, zero coupon bonds carry an additional risk, unlike bonds that pay interest throughout the period to maturity, zero coupon instruments/deferred interest bonds typically would not realise any cash until maturity or till the time interest payment on the bonds commences. If the issuer defaults, the Scheme may not obtain any return on its investment.
- i. The Scheme may invest in securities which are not quoted on a stock exchange (“unlisted securities”) which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market, and there can be no assurance that the Scheme will realise its investments in unlisted securities at a fair market value, if sold in the secondary market
- j. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.
- k. Prepayment Risk: Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.
- l. Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Plans are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- m. Settlement Risk: The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Scheme’s portfolio due to the extraneous factors that may impact liquidity would result at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Scheme’s portfolio.
- n. Regulatory Risk: Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Scheme.
- o. The value of the Scheme’s investments may be affected generally by factors affecting capital markets, such as interest rates, currency exchange rates, foreign investment, changes in government policy, taxation and political, economic or other developments. Consequently, the net asset value of the Scheme may fluctuate and the value of the Scheme’s Units may go down or up. Past performance of the Sponsor is not necessarily indicative of future performance of the Scheme.
- p. Money Market instruments are instruments that are generally have maturity of less than one year. The NAV of the Scheme’s Units, will be affected by the changes in the level of interest rates.
- q. Investments in money market instruments and debt instruments involve credit risk commensurate with short term rating of the issuers.

## 2. Risk factors associated with Trading in Derivatives:

Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

The Fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative.

**Credit Risk:** The credit risk is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.

**Illiquidity risk:** The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

**Market risk:** Derivatives carry the risk of adverse changes in the market price.

**Floating Leg Risk :** The fund pays the daily compounded rate. In practice however there can be a difference in the actual rate at which money is lent in the call market and the benchmark, which appears and is used.

In case of a received position in a call rate linked interest rate swaps (OIS), the fund pays the daily compounded rate. In practice however there can be a difference in the actual rate at which money is lent in the call market and the benchmark call rate, which is used in the swap calculations. The risk is to the extent that returns may be impacted to the investors in case of extreme movement in call rates.

It may be mentioned here that the guidelines issued by Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to

### **3. Risk Factors associated with Overseas Investment:**

Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country, repatriation of capital due to exchange controls and political circumstances.

It is the AMC's belief that investment in Permitted Foreign Securities offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme would invest in Permitted Foreign Securities including but not limited to units/ securities issued by overseas mutual fund or unit trusts which are registered with the overseas regulator, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme. To manage risks associated with foreign currency and interest rate exposure, the Scheme may use derivatives in accordance with conditions as may be stipulated by SEBI/RBI from time to time.

Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Scheme in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing.

To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment. Due to time zone differences, NAV of investee scheme in such cases may not be available for the same day.

The investment limit in foreign securities currently applicable to Mutual Fund as per paragraph 12.19 of SEBI Master Circular for Mutual Funds dated May 19, 2023 read in lines with SEBI's Circulars SEBI/IMD/CIR No.2/122577/08 dated April 8, 2008, SEBI/HO/IMD/DF3/CIR/P/2020/225 dated November 5, 2020, if overall limit for the Mutual Fund in overseas securities reaches USD 1 billion or the overall limit for Mutual Fund Industry in overseas securities reaches USD 7 billion, then Mutual Fund will not be able to invest in overseas securities / will not be able to do incremental overseas investment, unless such limit is increased or further directions is received from SEBI or RBI in this regard. It may be noted that the cap of USD 1 billion will be monitored and enforced at the Mutual Fund level and not at the individual scheme level.

### **4. Risk envisaged and mitigation measures for repo transactions in corporate bonds:**

- **Counterparty Risks** - Risks could arise if the Counterparty does not return the security (in a borrowing transaction) as contracted or pay interest (lending transaction) on the due date. This risk is largely mitigated, as the choice of counterparties is 'restricted' and their credit ratings and overall credit risk levels are taken into account before entering into such transactions.
- **Settlement Risks** - Operational risks are lower as such trades are settled on a DVP (Delivery versus Payment – Safe settlement) basis. The trades are settled on a bilateral basis in the OTC segment.

- **Collateral / Credit Risk** - In the event of the scheme being unable to pay back the money to the Counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds if any after such disposal may be refunded to the scheme. The value of the collateral will be monitored on a daily basis and shortfalls if any will lead to demand on the counterparty to top up collateral. In ability to comply with top up requests could lead to liquidation of security / collateral and an early / premature termination of the agreement.

## 5. Risk Factors specific to investments in Securitised Instruments:

### **Underlying Risk:**

Each asset class has a different underlying risk, however, residential mortgages are supposed to be having lower default rates. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher and hence their overall risks are comparable to other similarly rated asset classes.

### **Limited Liquidity & Price Risk:**

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

### **Limited Recourse, Delinquency and Credit Risk:**

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset.

However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

### **Risks due to possible prepayments:**

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments.

Full prepayment of underlying loan contract may arise under any of the following circumstances:

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same. In the event of prepayments, investors may be exposed to "reinvestment risk".

### **Bankruptcy of the Originator or Seller**

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

### **Bankruptcy of the Investor's Agent**

If Investor's agent, becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/ Trustee but in its personal capacity,



then an Investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

#### **Credit Rating of the Transaction/Certificate**

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

#### **Risk of Co-mingling**

The Servicers normally deposit all payments received from the Obligor into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of the Servicer. If the Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on standalone basis to minimize Co-mingling risk.

#### **Investment exposure of the Fund with reference to Securitised Debt:**

The Fund will predominantly invest only in those securitization issuances which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment. The Fund will not invest in foreign securitised debt.

The Fund may invest in various type of securitisation issuances, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralized Loan Obligation/Collateralized Bond Obligation and so on.

The Fund does not propose to limit its exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the AAA rating of the offering.

### **6. Risks associated with segregated portfolio**

- Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer.
- Security comprising of segregated portfolio may not realise any value
- Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

### **7. Risks associated with investing in Tri-Party Repo through CCIL (TREPS)**

The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. CCIL maintains prefunded resources in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honor his settlement obligations, the default Fund is utilized to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall". As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

### **8. Risk associated with Securities Lending & Short Selling**

Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact fund pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house.

Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counterparty risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity and in turn cannot protect from the falling market price of the said security.

#### **9. Risks associated with Securities Lending and Borrowing (SLB)**

Securities Lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. The risks in security lending consist of the failure of intermediary / counterparty, to comply with the terms of agreement entered into between the lender of securities i.e. the scheme and the intermediary / counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The scheme may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

#### **10. Risks factors associated with processing of transaction through Stock Exchange Mechanism:**

- The trading mechanism introduced by the stock exchange(s) is configured to accept and process transactions for mutual fund units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognised stock exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized stock exchange(s).

#### **11. Risk on Right to limit redemption:**

Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Scheme under certain exceptional circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets. Please refer to the paragraph “Right to Limit Redemptions” for further details.

#### **12. Risks associated with investment in mutual fund units:**

Investment in units of Mutual Fund scheme involves investment risks such as, but not limited to, trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. The value of units of mutual fund scheme may fluctuate based on the price / value / interest rates of the underlying securities in which the mutual fund scheme invests. The value of underlying securities may be affected, inter-alia, by changes in market environment, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures. The NAV is also exposed to price/interest rate risk and credit risk and may be affected inter-alia, by the counterparty’s ability or willingness to meet its contractual obligations, government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee. Investment in units of



mutual fund scheme is also exposed to risk of suspension of subscriptions / redemptions of the units, change in fundamental attributes etc. Since the Scheme may invest in schemes of Mutual Funds, scheme specific risk factors of each such mutual fund scheme will be applicable to the Scheme portfolio.

### 13. Backstop facility in form of investment in Corporate Debt Market Development Fund (CDMDF):

- CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.
- In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.
- We would further like to bring to the notice of the investors that investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.
- Investors are requested to read details disclosure on investment of the schemes in the CDMDF as listed in Section 1, Part II section "A. How will the Scheme allocate its assets?" and section "B. Where will the Scheme Invest?"

### C. Risk Mitigation Strategies:

The Fund by utilizing a holistic risk management strategy will endeavor to manage risks associated with investing in debt markets. The risk control process involves identifying & measuring the risk through various risk measurement tools.

The Fund has identified following risks of investing in debt and designed risk management strategies, which are embedded in the investment process to manage such risks.

Nature of Risk	Risk Mitigation Measures by AMC
<b>For making investments in Fixed Income and Money Market Instruments</b>	
<b>Credit Risk:</b> Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations.	The fund has a rigorous credit research process. The credit team analyses and approves each issuer before investment by the scheme. There is a regulatory and internal cap on

	exposure to each issuer. This ensures a diversified portfolio and reduced credit risk in the portfolio.
<b>Liquidity Risk:</b> The corporate debt market is relatively illiquid vis-à-vis the government securities market. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.	The scheme is envisaged to be actively managed portfolios. The liquidity and volatility of a security are important criteria in security selection process. This ensures that liquidity risk is minimized.
<b>Investing in unrated securities:</b> Lower rated or unrated securities are more likely to react to developments affecting the market and the credit risk than the highly rated securities which react primarily to movements in the general level of interest rates. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities.	The scheme has a rigorous credit research process and as such all investments, rated or unrated, are analyzed and approved by the credit team before investment by the scheme. Further there is a regulatory and internal cap on exposure to unrated issuers, limiting exposure to unrated securities.
<b>Settlement Risk:</b> Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.	The AMC has well laid out processes and systems, which mitigate operational risks attached with the settlement process.
<b>Reinvestment Risk:</b> This risk refers to the interest rate levels at which cash flows received from the securities in the Plans are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.	Reinvestment risk is an inherent feature of the portfolio management process. It may be managed, to a certain extent, by seeking to invest in securities with relatively low intermittent cash flows.

#### **Risk Management and Liquidity Management tools:**

Liquidity Risk Management of Open ended Debt Schemes is managed using various tools which can be identified as Stress Testing, Liquidity Risk considering Investor behaviour and Asset Liability Mismatch Stress tests (using methods provided by AMFI) monitor the Annualised impact on NAV while considering rise in yields for a given credit rating, type of security, etc, in respective matrices for the relevant duration bucket whereas the investor behaviour and redemption trends are monitored in accordance with the percentage of liquid assets in a portfolio while monitoring the Asset Liability mismatch.

#### **An indicative list of liquidity management tools is as under:**

<b>Liquidity Management Tool</b>	<b>Brief Description</b>
Potential Risk Matrix	As provided in paragraph 17.5 of SEBI Master Circular dated May 19, 2023 on Potential Risk Class Matrix (PRC) for debt schemes and various other circulars issued thereon, the scheme shall maintain its portfolio in line with the defined PRC position i.e maximum risk that a scheme will run as per design and a measurement of that risk on a regular basis in case of any breaches, remedial actions shall be in line with the requirement of the aforesaid circular.
Risk -o- meter	As provided in paragraph 17.4 of SEBI Master Circular dated May 19, 2023 on Product Labelling in mutual Fund schemes, Risk-o-meter and various other circulars issue thereon, the scheme shall calculate and disclose the current risk level based on its portfolio construct.
Liquidity Risk Management (LRM)	As provided in AMFI Best Practice Guidelines circular dated July 24, 2021 on Prudential norms for Liquidity Risk Management for Open ended Debt schemes (except Overnight Fund, Gilt Fund and Gilt Fund with 10-year constant duration) and various other circulars issued thereon, defines liquidity risk (Liquidity Ratio-

	<p>Redemption at Risk (LRaR) and Liquidity Ratio- Conditional Redemption at Risk (LRCRaR) arising from the liability side of the scheme and shall maintain these on each day of eligible assets by the scheme. However, to meet redemptions, the scheme may have to periodically dip into their liquid assets which may result in the liquidity ratio dropping below the required levels on those days. The scheme shall ensure to take remedial actions in line with the requirements of the aforementioned circular.</p> <p>Also, back testing analysis is performed which involves capturing actual outflow for each scheme and comparing the same with minimum LRaR and LCRaR required to be maintained by the scheme.</p>
Stress Testing Circular	Stress Testing of Interest Rate, Credit and Liquidity Risk at an aggregate portfolio level in terms of its impact on NAV is performed in line with AMFI Best practice circular dated October 12, 2022 and various other circular issued thereon.
Risk Management Framework	As provided in Risk Management Framework circular, the schemes calculates ALM requirement which addresses potential liquidity requirement over a 90-day period and maintains relevant asset side liquidity. Remedial actions, if any required to be taken are based on directions of the Investment Committee.
Swing Pricing Circular	In case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing guidelines get triggered which offers the contingency plan in case all else fails.

## II. Information about the scheme:

### A. Where will the scheme invest –

Subject to the Regulations and other prevailing laws as applicable, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

- 1) Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- 2) Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- 3) Debt securities issued by domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- 4) Corporate debt securities (of both public and private sector undertakings)
- 5) Securities issued by banks (both public and private sector) as permitted by SEBI from time to time and development financial institutions
- 6) Money market instruments permitted by SEBI, having maturities of up to one year, or in alternative investment for the call money market.
- 7) Certificate of Deposits (CDs)
- 8) Commercial Paper (CPs)
- 9) Tri – Party Repo (TREP)s
- 10) The non-convertible part of convertible securities
- 11) Any other domestic fixed income securities including Structured Obligation include but are not limited to Asset Backed Securities, Mortgage Backed Securities, Future Flow Transactions, Partial / Full Guarantees Structures.
- 12) Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Stock / Index Futures, Stock / Index Options and such other derivative instruments permitted by SEBI.
- 13) Foreign securities as defined under Paragraph 12.19 of SEBI master circular dated May 19, 2023. The Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI and RBI from time to time.
- 14) Schemes managed by the AMC or the schemes launched by SEBI registered Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations.
- 15) Any other instruments, as may be permitted by RBI / SEBI / such other Regulatory Authority, from time to time, subject to Regulatory approval.

The securities mentioned above could be listed or permitted unlisted, privately placed, secured or unsecured, rated or un-rated and of any maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired from primary market / initial public offer (IPO) secondary market operations, private placement or negotiated deals.

#### Investment in CDMDF-

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, scheme shall invest 25 bps of its AUM.

#### CDMDF Framework-

CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time, which includes the framework for corporate debt market development fund. The framework will inclusive of following points-

- a) The CDMDF shall deal only in following securities during normal times:
  - Low duration Government Securities
  - Treasury bills
  - Tri-party Repo on G-sec
  - Guaranteed corporate bond repo with maturity not exceeding 7 days
- b) The fees and expenses of CDMDF shall be as follows:
  - During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.
  - During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.
  - "Portfolio Value" means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the CDMDF.
- c) Corporate debt securities to be bought by CDMDF during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.
- d) CDMDF shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time
- e) CDMDF shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDF, specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time.

The securities mentioned above could be listed or permitted unlisted, privately placed, secured or unsecured, rated or un-rated and of any maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired from primary market/ Initial Public Offer (IPO), secondary market operations, private placement or negotiated deals.

#### **Overseas Investments by the Scheme:**

According to paragraph 12.19 of SEBI Master Circular for Mutual Funds dated May 19, 2023, mutual funds can invest in certain permissible foreign securities.

As per paragraph 12.19.1 of SEBI Master Circular for Mutual Funds dated May 19, 2023 such investments are subject to an overall limit of US\$ 7 billion for all mutual funds put together. The Mutual Funds have been allowed an individual limit of US\$ 1 billion for overseas investments. The Scheme may, with the approval of SEBI/ RBI invest in foreign securities as specified by SEBI. The overall

ceiling for investment in overseas ETFs that invest in securities is US \$ 1 billion subject to a maximum of US \$ 300 million per mutual fund.

The AMC is allowed to invest in overseas securities up to 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion per Mutual Fund. The above limits shall be considered as soft limits for the purpose of reporting only by Mutual Funds on monthly basis as per paragraph 12.19.1.3(d) of SEBI Master Circular for Mutual Funds dated May 19, 2023.

The above limits shall be considered as soft limits for the purpose of reporting only by Mutual Funds on monthly basis as per paragraph 12.19.1.3(d) of SEBI Master Circular for Mutual Funds dated May 19, 2023.

The Mutual Fund may, where necessary will appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses.

### Position of Debt Market in India

The Indian debt market, one of the largest in Asia, is developing rapidly buoyed by a multitude of factors including new instruments, increased liquidity, deregulation of interest rates and improved settlement systems. The major players in the Indian debt markets today are banks, financial institutions, insurance companies, pension funds, provident funds and mutual funds. The instruments in the market can be broadly categorized as those issued by corporates, banks, financial institutions and those issued by state/central governments. The risks associated with any investments are - credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities do not have credit risk as they are sovereign in nature. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The largest segment of the Indian Debt market consists of the Government of India securities where the daily average trading volume is in excess of Rs. 40,000 crores, with instrument tenors ranging from short dated Treasury Bills to long dated securities extending upto 50 years. The Corporate bond market, though relatively less liquid, is also fast developing with an increased participation from the banks, financial institutions, mutual funds, provident funds, insurance companies and corporate treasuries. Public Financial Institutions, Public Sector Undertakings and Private AAA Corporates are the major issuers. Corporate bonds majorly are issued as fixed rate bonds. The yield curve usually tends to be positive sloping i.e. yield of shorter dated securities being lower than that of longer dated ones.

The money markets in India essentially consist of call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at specified price), Tri-Party Repo, commercial papers (CPs, short term unsecured promissory note, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). A predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates.

The various instruments currently available for investments are:

Issuer	Instrument	Maturity	Yields (%) as on May 31, 2024	Liquidity
GOI	Treasury Bill	91 days	6.76%	High
GOI	Treasury Bill	364 days	7.05%	High
GOI	Short Dated	1-3 Years	7.10% - 7.26%	High
GOI	Medium Dated	3-5 Years	7.22% - 7.26%	High
GOI	Long Dated	5-10 Years	7.20% - 7.26%	High
Corporate	Taxable Bonds (AAA)	1-3 Years	7.55% - 7.70%	Medium
Corporate	Taxable Bonds (AAA)	3-5 Years	7.62% - 7.70%	Low to medium
Corporate	CPs (A1+)	3 months	7.00%-7.10 %	Medium to High
Corporate	CPs (A1+)	1 Year	7.50% -7.65%	Medium

Source: CCIL/Market reports

The actual yields will, however, vary in line with general levels of interest rates and debt/money market conditions prevailing from time to time.

### **B. What are the investment restrictions?**

Pursuant to Regulations, specifically the Seventh Schedule and amendments thereto, the following investment restrictions are currently applicable to the Scheme:

The Scheme shall not invest more than 10% of its net assets in debt instruments comprising money market & non money market instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the SEBI Act. Such investment limit may be extended to 12% of the net assets of the Scheme with the prior approval of the Trustees and the Board of the AMC. Such limit shall not be applicable for investments in government securities, treasury bills & Tri-party Repo. Provided further that investment within such limit can be made in mortgage backed securitised debts which are rated not below investment grade by a credit rating agency registered with SEBI. Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time.

A mutual fund scheme shall not invest more than:

- a) 10% of its NAV in debt and money market securities rated AAA; or
- b) 8% of its NAV in debt and money market securities rated AA; or
- c) 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in Clause 1 of Seventh Schedule of MF Regulation.

- The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments: Provided that the Scheme may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to such conditions as may be specified by SEBI from time to time: Provided further that the Schemes shall comply with the norms under this clause within the time and in the manner as may be specified by SEBI: Provided further that the norms for investments by the scheme in unrated debt instruments shall be specified by SEBI from time to time.

Note:

- a) SEBI vide paragraph 12.1 of Master Circular of Mutual Funds dated May 19, 2023, has issued following guidelines wrt investment in unlisted debt & money market instruments
- b) Mutual fund scheme may invest in unlisted non-convertible debentures (NCDs) that have a simple structure (i.e with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.
- c) All fresh investments by the Scheme in CPs would be made only in CPs which are listed or to be listed with effect from one month from the date of operationalization of framework for listing of CPs or January 01, 2020, whichever is later
- d) investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following
  - I. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
  - II. Exposure of the Scheme in such instruments, shall not exceed 5% of the net assets of the schemes.
  - III. All such investments shall be made with the prior approval of the Board of AMC and Trustees.
- e) Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements: The investment of the Scheme in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:
  - I. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and



- II. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.
  - III. For the purpose of this provision, 'Group' shall have the same meaning as defined in paragraph 12.9.3.3 of SEBI Master Circular dated May 19, 2023.
  - IV. Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.
  - V. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.
- The Scheme may invest in another scheme of the Mutual Fund or any other mutual fund. The aggregate inter-scheme investment made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the net asset value of the Fund. No investment management fees shall be charged by the Scheme for investing in other schemes of the Mutual Fund or in the schemes of any other mutual fund.
  - The Scheme shall not make any investment in:
    - a. Any unlisted Security of an associate or group company of the Sponsor; or
    - b. Any Security issued by way of private placement by an associate or group company of the Sponsor; or
    - c. the listed Securities of group companies of the Sponsor which is in excess of 25% of the net assets.
  - Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided –
    - a. such transfers are done at the prevailing market price for quoted instruments on Spot Basis (Spot Basis shall have the same meaning as specified by a stock exchange for spot transactions);
    - b. the Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
    - c. The same are in line with paragraph 12.30 of SEBI Master Circular dated May 19, 2023.
  - Schemes shall not have total exposure exceeding 20% of its net assets in a particular sector (excluding investments in Bank Certificate of Deposits Short Term Deposits with scheduled commercial banks, Tri-party Repo, Government of India Securities, Treasury Bills and AAA rated Securities issued by Public Financial Institutions and Public Sector Banks). Provided that an additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Further that such additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme shall be allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.
  - Total exposure of the Schemes in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Scheme. Such investment limit may be extended to 25% of the net assets of the Scheme with the prior approval of the Board of Trustees. Further The investments by the scheme in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees. For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 (Regulations) and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.
  - The Mutual Fund shall get the Securities purchased or transferred in the name of the Fund on account of the Scheme, wherever investments are intended to be of a long-term nature.
  - The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases take delivery of the relevant securities and in all cases of sale, deliver the securities. The Mutual Fund may however engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI. Further that the Mutual Fund shall enter into derivatives transactions in a recognised stock exchange, subject to the framework specified by SEBI. The sale of government securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.

- The Scheme shall not invest in a Fund of Funds scheme.
- Pending deployment of funds of a Scheme in terms of the investment objectives of the Scheme, the AMC may invest the funds of the Scheme in short term deposits of scheduled commercial banks in accordance with the guidelines set out by SEBI under the Regulations. The Scheme will comply with the following guidelines/restrictions for parking of funds in short term deposits:-
  - h. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
  - i. Such short-term deposits shall be held in the name of the Scheme.
  - j. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with the approval of the Trustee.
  - k. Parking of funds in short term deposits of associate and Sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - l. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - m. The Scheme shall not park funds in short-term deposit of a bank which has invested in the said Scheme. Further Trustees/AMC shall also ensure that a bank in which scheme has short term deposit does not invest in the Scheme until the Scheme has short term deposits with such bank.
  - n. AMC shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

However, the above provisions will not apply to term deposits placed as margins for trading in cash and derivatives market.

- Investment Restrictions pertaining to Debt Derivatives:

Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counterparty in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if the Mutual Fund is transacting in interest rate swaps through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

The investment restrictions applicable to the Schemes' participation in the derivatives market will be as prescribed by SEBI or by the Trustees (subject to SEBI requirements) from time to time. As per paragraph 12.25 of SEBI Master Circular dated May 19, 2023, the aggregate asset allocation including exposure to derivatives will not exceed 100% of the net assets; and that same security wise hedge positions would be excluded from the same.

- Save as otherwise expressly provided under SEBI (Mutual Funds) Regulations, 1996, the Scheme shall not advance any loans.
- The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of Units or payment of interest and/or IDCW to the Unit holders. Provided that the Fund shall not borrow more than 20% of the net assets of the individual Scheme and the duration of the borrowing shall not exceed a period of 6 month. The Fund may raise such borrowings, secured or unsecured, from any person or entity as it may deem fit, including Sponsor or Shareholders of any of their associate / group / affiliate entities or banks, after approval by the Trustee, at market related rates.
- If the Mutual Fund holds an aggregate of securities which are worth Rs.10 Crores or more, as on the latest balance sheet date, it shall, subject to such instructions as may be issued from time to time by the Board of the AMC, settle its transactions only through dematerialized Securities. Further all transactions in government securities shall be in dematerialised form.
- In term of paragraph 12.2.1 of SEBI Master Circular for Mutual Funds dated May 19, 2023, no Mutual Fund under all its schemes shall own more than 10% of debt instruments with special features or Tier 1 bonds and Tier 2 bonds issued under Basel III framework with special features issued by a single issuer. Further, the scheme shall not invest more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and shall not invest more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer.

#### **Participation of Schemes of PGIM India Mutual Fund in Repos in Corporate debt securities**



In accordance with paragraph 12.18 of SEBI Master Circular dated May 19, 2023, schemes of the Mutual Fund shall participate in the 'Corporate Bond Repo' transactions as per guidelines issued by Reserve Bank of India (RBI) from time to time. Currently the applicable guidelines are as under:

- a. Gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
- b. The cumulative gross exposure through repo transactions in corporate debt securities along with debt and derivatives shall not exceed 100% of the net assets of the concerned scheme Mutual Funds shall participate in repo transactions only in 'AA and above' rated corporate debt securities.
- c. In terms of Regulation 44 (2) mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months

The investment restrictions applicable to the Scheme's participation in the Corporate Bond repos will also be as prescribed or varied by SEBI or by the Board of PGIM India Trustees Pvt. Ltd. (subject to SEBI requirements) from time to time.

The following guidelines shall be followed by PGIM India Mutual Fund for participating in repo in Corporate debt securities, which have been approved by the Board of AMC and Trustee Company:

**a) Category of Counterparty to be considered for making investment:**

All entities eligible for transacting in Corporate Bond repos as defined by SEBI and RBI shall be considered for repo transactions.

**b) Credit rating of Counterparty to be considered for making investment:**

The scheme shall participate in Corporate Bond repo transactions with counterparties having a minimum investment grade rating and approved by the Investment Committee on a case-to-case basis. In case a Counterparty is unrated, the Investment Committee will decide/ assign a rating to the Counterparty and report the same to the Board.

**c) Tenor of Repo and Collateral:**

As a repo seller (borrowing), the scheme will borrow cash for a period not exceeding 6 months or as per extant regulations. As a repo buyer, the Scheme are allowed to undertake the transactions (lending) for maximum maturity upto one year or such other terms as may be approved by the Investment Committee. There shall be no restriction / limitation on the tenor of the underlying collateral that is being accepted.

**d) Applicable haircuts:**

As per RBI circular RBI/2012-13/365 IDMD.PCD. 09 /14.03.02/2012-13 dated 07/01/2013, all Corporate Bond repo transaction will be subject to a minimum haircut given as given below:

- a. AAA: 7.50%
- b. AA+ : 8.50%
- c. AA : 10.00%

The haircut will be applicable on the prevailing market value of the said security on the prevailing date of trade. However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the prevailing market and liquidity situation.

All investment restrictions shall be applicable at the time of making investment. The AMC/Trustee may alter these above stated restrictions from time to time to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective.

### **C. Fundamental Attributes**

Following are the Fundamental Attributes of the Scheme, in terms of Clause 1.14 of SEBI Master Circular for Mutual Funds dated May 19, 2023:

- i. **Type of scheme:** An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. A relatively low interest rate risk and moderate credit risk scheme.
- ii. **Investment Objective:**
  - Main Objective  
  
To provide liquidity and seek to generate returns by investing in a mix of short term debt and money market instruments.  
  
However, there is no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/indicate any returns.
  - Investment pattern: Please refer to section ‘Asset Allocation’ under Section I Part II. C
- iii. **Terms of Issue:**
  - Liquidity provisions such as listing, repurchase, redemption. **Refer Section I, Part I – highlights / summary of the Scheme**
  - Aggregate fees and expenses charged to the Scheme. **Refer Section I, Part III, Point no. C- Annual Scheme recurring Expenses**
  - The Scheme does not provide any safety net or guarantee.

In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations and Clause 1.14.1.4 of SEBI Master Circular for Mutual Funds dated May 19, 2023, the Trustee will ensure that no change in the Fundamental Attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the Trust or fees and expenses payable or any other change which would modify the Scheme and the Plan(s) /Option(s) there under and affect the interest of the Unit holders is carried out unless:

- a. SEBI has reviewed and provided its comments on the proposal;
- b. written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated; and
- c. the Unit holders are given an option for a period of 30 calendar days to exit at the prevailing NAV without any exit load.

#### **D. Other Scheme Specific Disclosures:**

Listing and transfer of units	<p>The Scheme is an open ended scheme under which sale and repurchase will be made on a continuous basis and therefore listing on stock exchanges is not envisaged. However, the Trustee/AMC reserves the right to list the Units.</p> <p>Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations through off market deals or in accordance with the stock exchange rules, upon the Scheme being listed. Transfers should be only in favour of transferees who are eligible for holding Units under the Scheme.</p> <p>Units of the scheme are freely transferable in demat and non demat mode.</p> <p>If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer,</p>
-------------------------------	--

		<p>if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transmission of Units consequent on the death of a unitholder, the transferee's name will be recorded by the AMC / Registrar subject to production of satisfactory evidence and completing the requisite procedure / documentation (as explained in SAI).</p>
Dematerialization of units		<p>The investors shall have an option to hold the Units in demat mode. However, for SIP transactions, while the units in will be allotted based on the applicable NAV as per the SID, the same will be credited to unitholder's Demat account on a weekly basis, upon realization of funds/ credit confirmation. For example, for fund realization/ credit confirmation received from the bankers from Monday to Friday of a week, the Units will be credited to unitholder's Demat account with the DP in the following week on Monday.</p> <p>To hold the Units in demat mode, the investor will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form, DP's Name, DP ID and Beneficiary Account No. with the DP at the time of subscribing to the Units. The AMC will credit the Units to the Beneficiary Account of Unit holder within five working days from the date of clearance of the investor's cheque.</p> <p>If a Unit holder desires to opt for dematerialization of units held under physical account statement at a later date, he will be required to make an application to AMC/ RTA/DP in Conversion Request Form (available on the website of the Mutual Fund or with the DPs) along with Statement of Account, a copy of Client Master Report (CMR) or Transaction Statement (only the page of Transaction Statement reflecting the name and pattern of holding) issued by its Depository Participant. Application for issue of Units in demat mode may be submitted to any of the OPAs / ISCs or DPs. The AMC will credit the Units to the Beneficiary Account of Unit holder within two working days from receipt of demat request.</p> <p>In case the unit holders do not provide their Demat Account details, or the demat details provided in the application form are incomplete / incorrect or do not match with the details with the Depository records, the Units will be allotted in physical account statement mode provided the application is otherwise complete in all respect and accordingly, an Account Statement shall be sent to them.</p>
Minimum amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	Target	Not Applicable. The Scheme is open on an ongoing basis for subscription/ redemption at NAV based prices.
Maximum Amount to be raised (if any)		Not Applicable
Dividend (IDCW)	Policy	Under the Income Distribution cum Capital Withdrawal option, the Trustee will have the discretion to declare the IDCW, subject to availability of distributable surplus calculated in accordance with the Regulations. Further investors are requested to note that the amounts can be

	<p>distributed out of investors capital (Equalization Reserve) which is part of a sale price that represents realized gains. The actual declaration of IDCW and frequency will inter-alia, depend on availability of distributable surplus calculated in accordance with the Regulations and the decisions of the Trustee shall be final in this regard. There is no assurance or guarantee to the Unit holders as to the rate of IDCW nor that the IDCW will be paid regularly.</p> <p><b>IDCW Distribution Procedure</b></p> <p>In accordance with Chapter 11 of SEBI Master Circular for Mutual Fund dated May 19, 2023 the procedure for IDCW distribution would be as under:</p> <ol style="list-style-type: none"> <li>1. Quantum of IDCW and the record date will be fixed by the Trustee. IDCW so decided shall be paid, subject to availability of distributable surplus.</li> <li>2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the IDCW including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.</li> <li>3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders for receiving IDCW. The Record Date will be 2 business days from the date of issue of notice.</li> <li>4. The NAV will be adjusted to the extent of IDCW distribution and statutory levy, if any, at the close of business hours on record date.</li> </ol>
<p>Allotment procedure) (Detailed</p>	<p>All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order. The AMC retain the sole and absolute discretion to reject any application. Allotment to NRIs/FPIs will be subject to RBI approval, if any, required.</p> <p>An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the application.</p> <p>In case of Unit holder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to Regulations and unless otherwise required. In cases where the email does not reach the Unit holder, the Fund / its Registrar &amp; Transfer Agents will not be responsible, but the Unit holder can request for fresh statement. The Unit holder shall from time to time intimate the Fund / its Registrar &amp; Transfer Agent about any changes in his e-mail address.</p> <p>All Units will rank <i>pari passu</i>, among Units within the same Option in the Scheme concerned as to assets, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee.</p> <p>In case the Unit Holder desires to hold Units in dematerialized/rematerialized form at a later date, the request for conversion of Units held in non-dematerialized form into dematerialized form or vice-versa should be submitted along with a dematerialized/rematerialized request form to their Depository Participants.</p>

Refund	If application is rejected, full amount will be refunded within 5 working days of rejection of application. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.
<p>Who can invest</p> <p><i>(This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile).</i></p>	<p>The following persons are eligible to invest in the Units of the Scheme (subject, wherever relevant, to the Purchase of Units of the Scheme of the Mutual Fund being permitted and duly authorized under their respective by-laws /constitutions, charter documents, corporate / other authorisations and relevant statutory provisions etc).</p> <ol style="list-style-type: none"> <li>1. Resident Indian adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;</li> <li>2. Hindu Undivided Family (HUF) through Karta;</li> <li>3. Resident Indian Minors or Non-Resident Indian Minors through their parent/ legal guardian;</li> <li>4. Partnership Firms;</li> <li>5. Proprietorship in the name of the sole proprietor;</li> <li>6. Companies, Bodies Corporate, Public Sector Undertakings (PSUs.), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860(provided the purchase of Units is permitted under their respective constitutions;</li> <li>7. Banks (as permitted by RBI) and Financial Institutions;</li> <li>8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as “Public Securities” as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;</li> <li>9. Non-Resident Indians (NRIs)/ Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non - repatriation basis;</li> <li>10. Foreign Portfolio Investors, subject to provisions of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;</li> <li>11. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</li> <li>12. Scientific and Industrial Research Organisations;</li> <li>13. Multilateral Funding Agencies/ Bodies Corporate incorporated outside India with the permission of Government of India/ RBI</li> <li>14. Provident/ Pension/ Gratuity Fund to the extent they are permitted;</li> <li>15. Other schemes of PGIM India Mutual Fund or any other mutual fund subject to the conditions and limits prescribed by SEBI Regulations;</li> <li>16. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme(s)</li> </ol> <p>The Fund / Trustees / AMC reserve the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to applicable Laws, if any. Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme(s) and are authorized to invest in mutual fund units as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p> <p><b>Subject to the Regulations and applicable law, an application for Units from an applicant may be accepted or rejected at the sole and absolute discretion of the Trustee.</b></p>
Who cannot invest	<p><b>The following persons cannot invest in the Scheme:</b></p> <ol style="list-style-type: none"> <li>1. United States Person (U.S. person) as defined under the extant laws of the United States of America;</li> <li>2. Residents of Canada</li> </ol>

	<ol style="list-style-type: none"> <li>3. Any individual who is a foreign national or any entity that is not an Indian Resident under the Foreign Exchange Management Act, 1999, except where registered with SEBI as a FPI or FPI sub account.</li> <li>4. Non-Resident Indians residing in the Financial Action Task Force (FATF) Non Compliant Countries and Territories (NCCTs).</li> <li>5. Overseas Corporate Bodies (as per RBI A.P. (DIR Series) Circular No.14 dated September 16, 2003)</li> </ol> <p>The AMC reserve the right to include/exclude new/existing categories of investors to invest in the Scheme from time to time, subject to applicable Laws, if any. Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme and are authorized to invest in mutual fund units as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p> <p><b>Subject to the Regulations and applicable law, an application for Units from an applicant may be accepted or rejected at the sole and absolute discretion of the AMC/Trustee.</b></p>
How to Apply and other details	<p>The Application form shall be made available availability of application form from either the Investor Service Centers (ISCs)/Official Points of Acceptance(OPAs) of AMC or may be downloaded from the website of AMC (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>)</p> <p>Please refer to the SAI and Application form for the instructions.</p> <p>Please refer the AMC website (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>) for the list of official points of acceptance, collecting banker details etc.</p> <p>All transaction requests can be submitted at any of the Official Points of Acceptance, the addresses of which are given at the end of this SID. <i>(Please refer to the back cover page of this SID for details)</i></p> <p>The AMC may designate additional centres of the Registrar as the Official Points of Acceptance during the Ongoing Offer Period and change such centres, if necessary.</p> <p>As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications and therefore, investors are requested to fill-up the appropriate box in the application form failing which applications are liable to be rejected.</p>
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	<p>Units once redeemed will be extinguished and will not be reissued.</p>
Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p><b><u>Pledge of Units:-</u></b></p> <p>The Units under the Scheme may be offered as security by way of a pledge / charge in favor of scheduled banks, financial institutions, non-banking finance companies (NBFC's), or any other body. The AMC/RTA will note and record such Pledged Units. A standard form for this purpose is available on request at all ISCs. The AMC shall mark a lien on the specified units only upon</p>

receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem/switch Units that are pledged until the entity to which the Units are pledged provides a written authorisation to the Mutual Fund that the pledge / lien/ charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units. IDCW declared on Units under lien will be paid / re-invested to the credit of the Unit Holder and not the lien holder unless specified otherwise in the lien letter.

For units of the Scheme held in electronic (Demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme. Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.

**Lien on Units:-**

On an ongoing basis, when existing and new investors make Subscriptions, pending clearance of the payment instrument, a temporary hold (lien) will be created on the Units allotted and such Units shall not be available for redemption/switch out until the payment proceeds are realised by the Fund. In case a Unit holder redeems Units immediately after making subscription for purchase of units, the redemption request for such investor shall be rejected. In case the cheque/draft is dishonored during clearing process by the bank, the transaction will be reversed and the Units allotted there against shall be cancelled under intimation to the applicant. In respect of NRIs, the AMC/ RTA shall mark a temporary hold (lien) on the Units, in case the requisite documents (such as FIRC/Account debit letter) have not been submitted along with the application form and before the submission of the redemption request. The AMC reserves the right to change the operational guidelines for temporary lien on Units from time to time.

**Suspension of sale of units**

With the approval of the Boards of Directors of the Trustee and the Asset Management Company, the sale of Units may be suspended temporarily or indefinitely when any of the following conditions exist:

1. The equity / debt market stops functioning or trading is restricted.
2. Periods of extreme volatility in the equity / debt market, which, in the opinion of the Investment Manager, is prejudicial to the interest of the investors.
3. When there is a strike by the banking community or trading is restricted by RBI or other authority.
4. Period of extreme volatility in the equity / debt / money market, which in the opinion of the Board of Directors of AMC and Trustee is prejudicial to the interest of the scheme's investors.
5. As and when directed by the Government of India or RBI or SEBI to do so or conditions relating to natural calamity/external aggression/internal disturbances etc. arises, so as to cause volatile movements in the money or debt market, which in the opinion of the AMC, will be prejudicial to the interest of the unitholders, if further trading in the scheme is continued.
6. Break down in the information processing/communication systems affecting the valuation of investments/processing of sale/repurchase request.
7. Natural calamity.
8. SEBI, by order, so directs.
9. Trustee views that increasing the Scheme's size further may prove detrimental to the existing/prospective Unitholders of the Scheme.



	<p>10. Any other circumstances which in the opinion of the Board of Directors of AMC and Trustee is prejudicial to the interest of the existing/prospective investors.</p> <p><b><u>Right to Limit Redemption:-</u></b></p> <p>The AMC may, under the below mentioned circumstances, impose restriction on redemption (including switch-outs) for a period not exceeding 10 working days in any 90 days period. Such restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:</p> <p><u>Liquidity issues</u> - When market at large becomes illiquid affecting almost all securities rather than any <u>issuer</u> specific security;</p> <p><u>Market failures, exchange closures</u> - When markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies;</p> <p><u>Operational issues</u> - When exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).</p> <p>However, such restriction would not be applicable to the redemption (including switch-outs) requests received for up to INR 2 Lakhs. In case of redemption (including switch-outs) requests above INR 2 Lakhs, the AMC shall redeem the first INR 2 Lakhs without such restriction and remaining part over and above INR 2 Lakhs shall be subject to such restriction.</p> <p>Any imposition of restriction on redemption (including switch-outs) of units of the Scheme shall be made applicable only after specific approval of Board of AMC and Trustee and the same shall also be informed to SEBI immediately.</p>
<p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p><b>SUBSCRIPTION/PURCHASE INCLUDING SWITCH-INS:-</b></p> <p>a) In respect of valid application received before 3.00 p.m. on a business day and funds for the entire amount of subscription/ purchase as per the application are credited to the bank account of the Scheme and are available for utilization before the cut-off time, the closing NAV of the day on which the funds are available for utilisation shall be applicable;</p> <p>b) In respect of valid application received after 3.00 p.m. on a business day and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the Scheme and are available for utilization before the cut-off time of the next business day, the closing NAV of the next business day shall be applicable;</p> <p>c) However, irrespective of the time of receipt of valid application on a given Business day, where the funds are not available for utilisation before the cut off time on the day of the application, the closing NAV of the Business Day on which the funds are available for utilisation before the cut-off time (3:00 p.m.) shall be applicable.</p> <p>For determining the availability of funds for utilisation, the funds for the entire amount of subscription/purchase (including switch-in) as per the application should be credited to the bank account of the scheme before the cut-off time and the funds are available for utilisation before the cut-off time without availing any credit facility whether intra-day or otherwise, by the scheme.</p> <p><b>REDEMPTIONS INCLUDING SWITCH-OUTS:</b></p>

	<p>1) In respect of valid applications received upto 3 p.m. on a business day by the Mutual Fund, closing NAV of the day of receipt of application, shall be applicable.</p> <p>2) In respect of valid applications received after 3 p.m. on a business day by the Mutual Fund, the closing NAV of the next business day shall be applicable.</p> <p><b>Switch Transactions</b></p> <p>Valid Switch application will be considered for processing on the earliest day which is a Business Day for both the ‘Switch out’ scheme and the ‘Switch in’ scheme. Application for ‘Switch in’ shall be treated as purchase application and the Applicable NAV based on the cut off time for purchase shall be applied. Application for Switch out shall be treated as redemption application, and the Applicable NAV based on the cut off time for redemption shall be applied.</p>
<p>Minimum amount for purchase/redemption/switches</p>	<p><b>Minimum Amount of Purchase/Switch-in</b> –Rs. 5,000/- and in multiples of Re.1/- thereafter.</p> <p><b>Minimum Additional Purchase</b> - Rs. 1,000/- and in multiples of Re.1/-thereafter.</p> <p><b>Minimum Redemption Amount/Switch-out:</b> - Rs. 1,000/- and in multiples of Re. 1/- or account balance whichever is lower.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>• In case the Unitholder specifies the number of Units and amount in the redemption request, the number of Units shall be considered for Redemption.</li> <li>• In case the Unit holder does not specify the number of Units or amount in the redemption request, the request will be rejected.</li> <li>• If the balance Units in the Unitholder’s account do not cover the amount specified in the Redemption request, then the Mutual Fund shall repurchase the entire balance of Units in account of the Unitholder.</li> </ul> <p>In case a Unitholder has purchased Units on multiple days in a single folio, the Units will be redeemed / switched out on a ‘First in First Out’ (FIFO) basis, i.e., the Units acquired chronologically first / earlier will be redeemed / switched out first, and the Exit Load, if any, applicable to each of the Units would correspond to the period of time the Units were held by the Unitholder.</p>
<p>Accounts Statements</p>	<p>The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).</p> <p>A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month.</p> <p>Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable</p> <p>For further details, refer SAI.</p>

Dividend/ IDCW	The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date.
Redemption	<p>The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase.</p> <p>For list of exceptional circumstances refer para 14.1.3 of SEBI Master Circular for Mutual Funds dated May 19, 2023</p> <p>For schemes investing atleast 80% of total assets in permissible overseas investments (as per Clause 12.19 of SEBI Master Circular for Mutual Funds dated May 19, 2023), the transfer of redemption or repurchase proceeds to the unitholders shall be made within five working days from the date of redemption or repurchase.</p>
Bank Mandate	As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications and therefore, investors are requested to fill-up the appropriate box in the application form failing which applications are liable to be rejected.
Delay in payment of redemption / repurchase proceeds/dividend	The Asset Management Company shall be liable to pay interest to the unitholders at rate as specified vide clause 14.2 of SEBI Master Circular for Mutual Funds dated May 19, 2023 by SEBI for the period of such delay.
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	<p>The unclaimed redemption and IDCW amounts may be deployed by the Mutual Fund in call money market or money market instruments or a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Fund specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per paragraph 17.5 of SEBI Master Circular dated May 19, 2023. AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower.</p> <p>Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at prevailing NAV at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The Fund shall not be liable to pay any interest or compensation on unclaimed amount.</p> <p>For more details on how to claim the unclaimed redemption/IDCW amount, please refer to the website of the Fund viz. <a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>.</p>
Disclosure w.r.t investment by minors	Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed.

	<p>Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the minor may hold account with the parent/legal guardian after completing all KYC formalities.</p> <p>Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account and his/her specimen signature duly authenticated by banker/guardian. Investors shall additionally note that, upon the minor attaining the status of major, the account shall be frozen for operation by the guardian on the day the minor attains the age of majority and no further transactions including standing instructions like SIP / STP / SWP shall be allowed till the documents for changing the status are received.</p>
--	--

### III. Other Details

#### A. Periodic Disclosures:

<p><b>Fortnightly/Monthly / Half –yearly Disclosures: Portfolio</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The Mutual Fund / AMC shall disclose portfolio (along with ISIN) of the Scheme on fortnightly basis (as on 15th &amp; last day of each month) within 5 days of every fortnight, monthly basis within 10 days from end of each month (i.e. last day of each month) and half yearly basis within 10 days of each half year (i.e. 31st March &amp; 30th September) on website of Mutual Fund (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) in a user-friendly and downloadable spreadsheet format. In case of Unitholders whose e-mail addresses are registered, the Mutual Fund / AMC shall send via email the fortnightly statement of scheme portfolio within 5 days from the close of each fortnight and the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month / half-year respectively.</p> <p>The AMC shall publish an advertisement every half-year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC’s website <a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>. and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>). The AMC shall provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.</p>
<p><b>Half Yearly Results</b></p>	<p>The Mutual Fund shall within one month of the close of each half year i.e., 31st March and 30<sup>th</sup> September, upload the soft copy of its unaudited financial results containing the details specified in Regulation 59 on its website (<a href="https://www.pgimindiamf.com/statutory-disclosure/financials">https://www.pgimindiamf.com/statutory-disclosure/financials</a>) and shall publish an advertisement disclosing uploading of such financial results on its website, in one English newspaper having nationwide circulation and in one regional newspaper circulating in the region where the head office of the Mutual Fund is situated. This shall also be displayed on the website of AMFI.</p>
<p><b>Annual Report</b></p>	<p>The Scheme wise annual report or an abridged summary thereof shall be provided to all Unit holders not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e., 31st March each year). Scheme wise annual report shall be displayed on the website of the AMC (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>) and Association of Mutual Funds in India (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</p> <p>In case of unitholders whose email addresses are available with the Mutual Fund, the scheme annual reports or abridged summary would be sent only by email. Unitholders whose email</p>

	<p>addresses are not available with the Mutual Fund will have an option of receiving a physical copy of scheme annual reports or abridged summary by post/courier. The AMC shall provide a physical copy of scheme annual report or abridged summary without charging any cost, upon receipt of a specific request from the unitholders, irrespective of registration of their email addresses. Physical copies of annual report will also be available to unitholders at the registered office at all times. The full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any.</p> <p>The AMC shall publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the AMC website(<a href="https://www.pgimindiamf.com/statutory-disclosure/financials">https://www.pgimindiamf.com/statutory-disclosure/financials</a>) and on the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</p>
<b>Risk-o-meter</b>	<p>Mutual Fund/AMCs shall disclose risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark and shall send the details of the scheme portfolio while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an email or SMS to unitholders of that particular scheme. Risk-o-meter shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on the website of the Mutual Fund (<a href="http://www.pgimindiamf.com">www.pgimindiamf.com</a>) and that of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) within 10 days from the close of each month.</p>
<b>Scheme Summary Document</b>	<p>The AMC has provided on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme including but not limited to Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc. Scheme summary document is uploaded on the websites of AMC, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine readable format (either JSON or XML).</p>

For further details, kindly refer AMC website, SAI and AMFI website.

#### **B. Transparency/NAV Disclosure:**

The NAV of the Scheme will be calculated and disclosed on all Calendar Day. The AMC shall update the NAVs on the website of the AMC ([www.pgimindiamf.com](http://www.pgimindiamf.com)) and of the Association of Mutual Funds in India-AMFI ([www.amfiindia.com](http://www.amfiindia.com)) before 11:00 p.m. on every Business Day.

In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.

In case of any delay, the reasons for such delay would be explained to AMFI by the next Business Day. If the NAVs are not available before the commencement of Business Hours on the following Business day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

Investor may write to AMC for availing facility of receiving the latest NAVs through SMS. The AMC shall disclose portfolio (along with ISIN) in a user friendly & downloadable spreadsheet format, as on the last day of the month/half year for the scheme(s) on its website [www.pgimindiamf.com](http://www.pgimindiamf.com) and on the website of AMFI [www.amfiindia.com](http://www.amfiindia.com) within 10 days from the close of each month/half year.

In case of unitholders whose email addresses are registered with PGIM India Mutual Fund, the AMC shall send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/half year respectively. The AMC shall publish an advertisement every half-year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the schemes portfolio on the AMC's website [www.pgimindiamf.com](http://www.pgimindiamf.com) and on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). The AMC shall provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.

### C. Transaction charges and stamp duty:

- **Transaction charges:**

In accordance with paragraph 10.5 of SEBI Master Circular for Mutual Fund dated May 19, 2023, the AMC/ Fund shall deduct a Transaction Charge on per purchase / subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors.

Investors are requested to note that w.e.f. January 1, 2023, PGIM India has stopped deducting transaction charges for investments in Regular Plans, and consequently no transaction charges shall be deducted from the investment amount for transactions / applications received from the distributor (i.e. in Regular Plan) and full subscription amount will be invested in the Scheme.

- **Stamp Duty:**

Mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or reinvestment under IDCW Option) would be subject to levy of stamp duty @ 0.005% of the amount invested. The rate and levy of stamp duty may vary as amended from time to time.

For further details, kindly refer SAI

### D. Associate Transactions:

Please refer to Statement of Additional Information (SAI).

### E. Taxation:

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

	Resident Investors	Mutual Fund
Tax on dividend	Taxed in the hands of unitholders at applicable rate under the provisions of the Income-tax Act, 1961 (Act)	Taxed in the hands of unitholders at the rate of 20% under section 115A/ 115AD of the Act (plus applicable surcharge and health and education cess)
Capital Gains on Specified Mutual Funds irrespective of period of holding (Refer Note 6)	Will be taxed at the normal rates depending upon the slab of each individual (plus applicable surcharge and health and education cess)	Will be taxed at the normal rates depending upon the slab of each individual (40% in case of Foreign companies) (plus applicable surcharge and health and education cess)

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors / authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes

Note –

1. PGIM India Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income tax in accordance with the provisions of section 10(23D) of the Act.
2. Surcharge at the following rate to be levied in case of individual / HUF/ non-corporate non-firm unit holders:

<b>Income</b>	<b>Individual/ HUF / non-corporate non-firm unit holders</b>
(a) Above Rs 50 lakh upto Rs 1 crore (including dividend income and capital gains income under section 111A, 112 and 112A of the Act)	10%
(b) Above Rs 1 crore upto Rs 2 crores (including dividend income and capital gains income under section 111A, 112 and 112A of the Act)	15%
(c) Above Rs 2 crores upto Rs 5 crores [excluding dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act]	25%
(d) Above Rs 5 crores [excluding dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act]	37%*
(e) Above Rs 2 crores [including dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act] but not covered in point (c) and (d) above	15%

\*Surcharge rate shall not exceed 25% in case of individual and HUF opting for new tax regime under section 115BAC of the Act.

3. Surcharge rates for Companies

<b>Total Income</b>	<b>Rate of Surcharge for Domestic companies*</b>	<b>Rate of Surcharge for Foreign Companies</b>
Above Rs 1 crore upto Rs 10 crores	7%	2%
Above Rs 10 crores	12%	5%

\*Surcharge rate shall be 10% in case resident companies opting taxation under section 115BAA and section 115BAB on any income earned.

In case of firm with total income exceeding Rs.1 crore, surcharge rate shall be 12%.

4. Health and Education cess @ 4% on aggregate of base tax and surcharge.
5. Withholding of Taxation by Mutual Fund will as per applicable withholding tax rate.
6. All the above non-resident investors may also claim the tax treaty benefits available, if any.

#### **F. Rights of Unitholders:**

Please refer to the Statement of Additional Information for details.

#### **G. List of official points of acceptance:**



For the list of official point of acceptance, please refer link: <https://www.pgimindiamf.com/statutory-disclosure/sid-kim-sai-related-disclosures>

#### **H. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority**

1. Penalties and action(s) taken against foreign Sponsor during the last three years in the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor are carried out or where the headquarters of the Sponsor is situated:- *None*
2. Monetary penalties imposed and/ or action taken against Indian Sponsor (if any) during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law including details of settlement, if any, arrived at with the aforesaid authorities during the last three years:- *None*
3. Details of violations and enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party:-
  - SEBI vide it's Final Order dated February 11, 2022, levied a penalty of R. 6 lakhs on Dr. V.R. Narasimhan for an alleged violation of Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012 relating to the period when he was Chief Regulatory Officer and Compliance Officer at NSE during 2016. Dr. Narasimhan has appealed the Final Order.
  - SEBI conducted a thematic inspection of PGIM India Mutual Fund for the period from August 1, 2018 to February 28, 2019. SEBI had issued a Show Cause Notice on April 13, 2022 to PGIM India Asset Management Private Limited and certain officials and ex-officials with allegations relating to Inter Scheme Transfers and Valuation of Downgraded Securities. The AMC and other noticees replied to the Show Cause Notice and availed of a personal hearing, after which, SEBI has issued an Order dated June 30, 2022 imposing a penalty of Rs. 25,00,000/- on the AMC; Rs. 5,00,000/- on the Chief Executive Officer; and Rs. 2,00,000/- each on the Head of Fixed Income and two ex-officials. The AMC has filed an appeal before the Securities Appellate Tribunal against the SEBI order dated June 30, 2022 to the extent of the findings and penalty imposed by SEBI. The SAT bench had passed a stay order on the impugned order, subject to deposit of 50% of the penalty imposed upon the Appellants. Accordingly, the Appellants have paid an amount of INR 18 lakhs on September 13, 2022.
4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party:- *None*
5. Any deficiency in the systems and operations of the Sponsor and/ or the AMC and/ or the Board of Trustees/Trustee Company requiring disclosure here by SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency:- *None*

The above information has been disclosed in good faith as per the information available to the AMC.

Please refer <https://www.pgimindiamf.com/statutory-disclosure/sid-kim-sai-related-disclosures> for latest updates on Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations

The Scheme under this Scheme Information Document was approved by the Board of Directors of PGIM India Trustees Private Limited (Trustees to PGIM India Mutual Fund). The Trustees have ensured that the Scheme approved is a new product offered by PGIM India Mutual Fund and is not a minor modification of its existing schemes.

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**For PGIM India Asset Management Private Limited**  
(Asset Management Company to PGIM India Mutual Fund)

**Sd/-**  
**Ajit Menon**  
**Chief Executive Officer**

Date: June 26, 2024  
Place: Mumbai