TATA MONEY MARKET FUND- NOVEMBER 2021 UPDATE

(An open-ended debt scheme investing in Money Market instruments)

For External Circulation

This product is suitable for investors who are seeking*:

- Regular Income Over Short Term.
- Investment in Money Market Instruments.

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

Investors understand that their principal will be at Moderate Risk

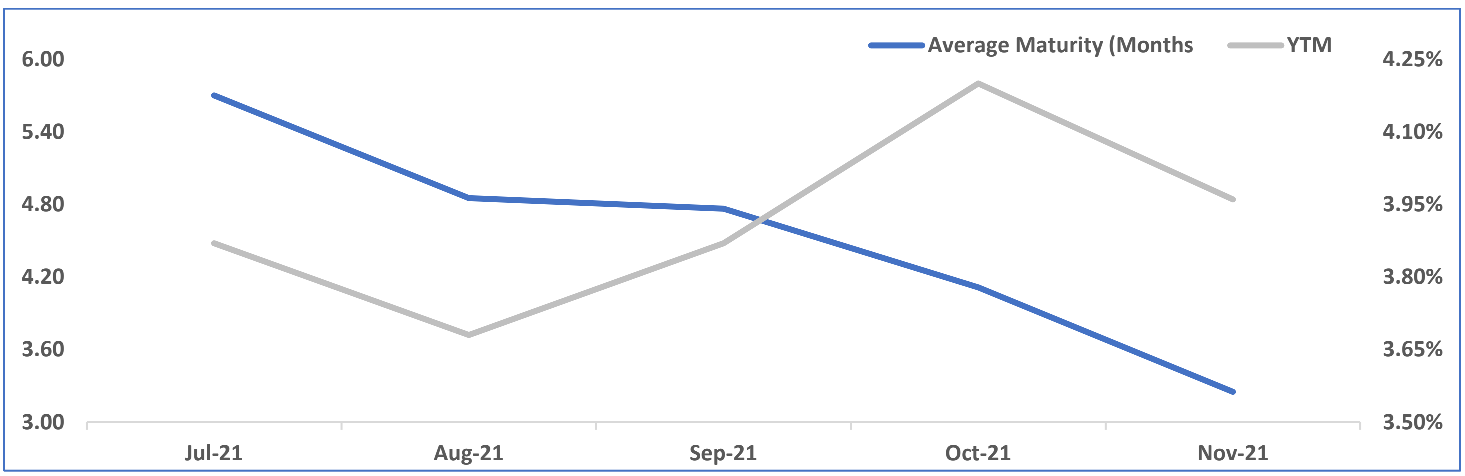
Mutual Fund Investments are subject to market risk, read all scheme related documents

Fund Overview

The investment objective is to generate returns with reasonable liquidity for the unitholders by investing in money market instruments. The fund endeavors to generate returns predominantly from accrual income through a portfolio of highly liquid money market securities.

Fund Commentary

The fund holds a high-quality portfolio of assets, with ~14% in G-Secs and T-bills and ~70% in A1+ rated instruments. The fund has ~14% of assets in G-secs/SDLs and T-bills, ~19% in Certificates of Deposit and ~51% in Commercial Papers.



The fund has reduced its average maturity from ~5.70 months July to 3.25 months in November 2021.

Fund Overview- As on 15th November 2021

Ratings-wise breakdown of the portfolio

Scheme	SOV	A1+	Cash & Equivalents
Tata Money Market Fund	13.98%	69.73%	16.32%

Instrument-wise breakdown of the portfolio

Scheme	G-Secs	SDL	T-Bills	CD	CP	Cash & Equivalents
Tata Money Market Fund	12.41%	1.52%	0.05%	18.73%	51.00%	16.32%

Fund Metrics

YTM	3.96%
Average Maturity	3.25 Months

Maturity Profile

Current Portfolio Strategy*

Maturity

- The portfolio invests in instruments with maturity up to 1 year
- Portfolio is biased towards instruments maturing in Jan-March 2022.

Liquidity

- Portfolio is very liquid, with ~14% of the portfolio in G-Secs& SDLs and T-Bills, ~19% in Certificates of Deposit and ~8% in PSU CPs.

Accrual

- The YTM of the portfolio is 3.96%

Portfolio Quality

- ~40% of the portfolio is from issuers with long term AAA ratings and ~14% is in SOV-rated papers and ~16% in cash and equivalents.

The fund has been reducing average maturity with the view that short term rates are likely to move higher as RBI begins to normalize Reverse Repo and Repo Rate Corridor. The portfolio will continue to remain overweight Jan-March maturity instruments.

*Based on current market conditions and may change in the future

Allocation to G-Secs

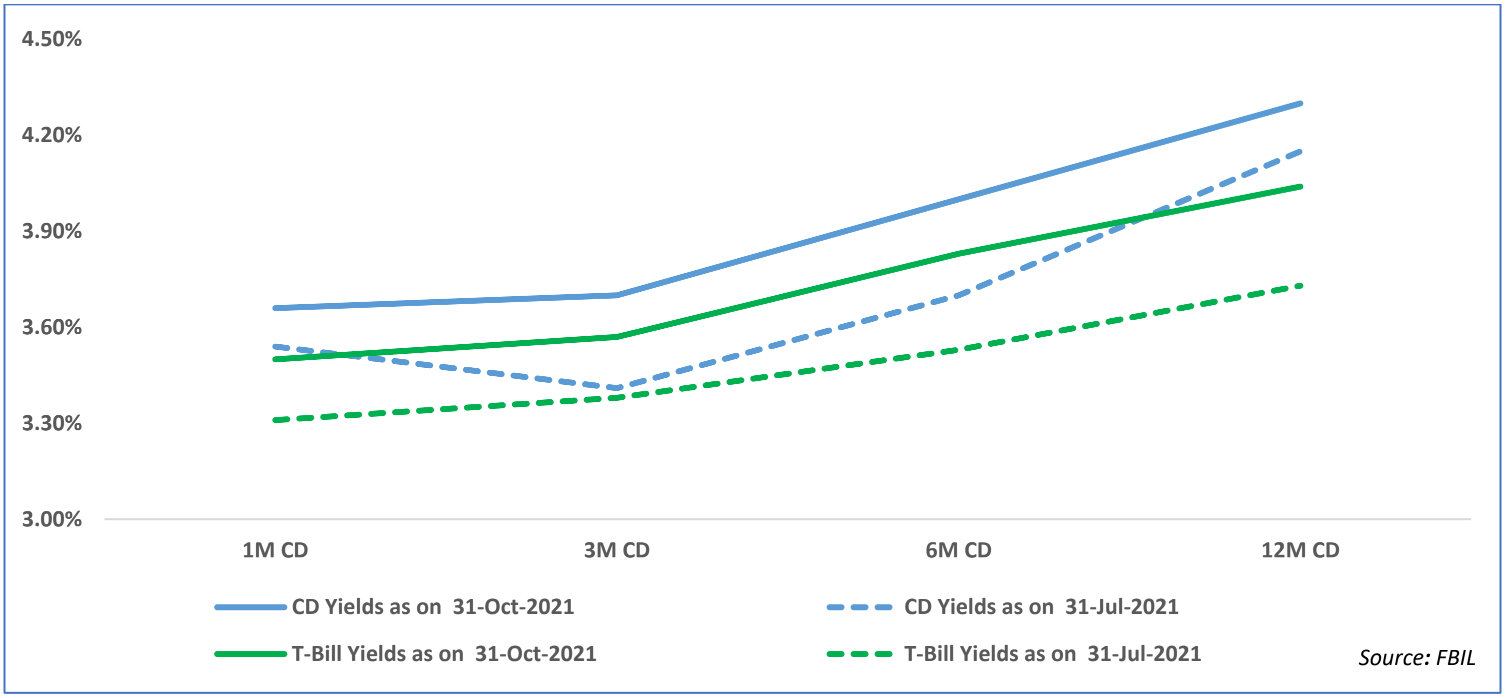
The fund has taken significant allocation to G-Secs. G-Sec & T-Bills will remain part of the core portfolio, to impart liquidity as well as trading opportunities. We find that with the fall in spreads, the risk-reward proposition of SOV papers have improved.

Why Invest in the Tata Money Market Fund?

The current portfolio of shorter-term money market instruments could provide a combination of reasonable returns through accruals as well as cushioning against the expected upward pressure on money market yields.

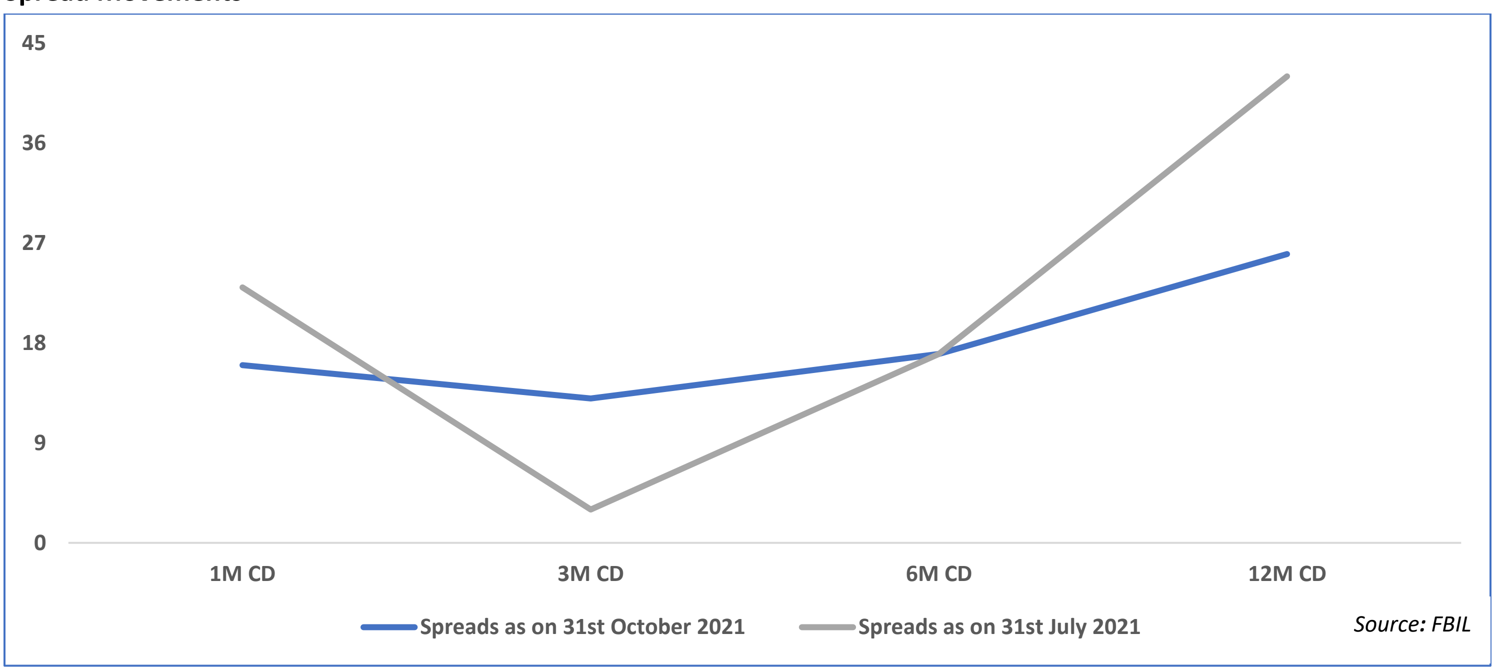
Yields and Spread Movements: July to October 2021

Yield Movements



- Yields of CDs in the 0-3-months segment rose by 10-30 bps and by 15-30 bps in the 6-12-month segment.
- T-Bill yields in the 0-3-month segment rose by ~20 bps and by ~30 bps in the 6-12-month segment.

Spread Movements



- Spreads in the 3-6-month segment widened by 0-10 bps.
- Spreads in the 1-month segment compressed by ~10 bps. Spreads in the 12-month segment widened by ~15 bps.

Debt Outlook

- The market is expecting inflation to be above 6 % in the fourth quarter of the current financial year as economic activity is showing remarkable improvement. Manufactures in cement, automobile sectors are already passing on higher input costs to the consumers due to strong demand conditions.

- The Fed has reiterated its stance of CPI inflation being transient and oil prices have fallen as OPEC major producer Saudi Arabia expected to reach 10 million barrels of production by December 2021.

- Global markets saw sharp upwards movement in yields due to rising inflation in developed markets. US bond market is now expecting 2 rate hikes in next calendar year. As Indian yields follow global yields due to higher Crude oil prices and no intervention by RBI.

- Liquidity absorption by RBI and expectation of RBI hiking Reverse Repo rates in this financial year should keep the short end of the yield curve under pressure. Credit growth remains weak in the banking system and inflows continue to be strong in Insurance/provident funds/NPS. There should be buying at higher levels from banks / mutual funds/insurance companies/ provident funds to deploy their surplus.

Source: Internal

Yields and Spreads Movements

Yield Movements

Instrument	Yields as on 31st Oct 2021	Yields as on 31st July 2021	Change Between July-Oct (bps)
1 Month CD	3.66%	3.54%	12
1 Month T-Bill	**3.50%**	**3.31%**	**19**
3 Month CD	3.70%	3.41%	29
3 Month T-Bill	**3.57%**	**3.38%**	**19**
6 Month CD	4.00%	3.70%	30
6 Month T-Bill	**3.83%**	**3.53%**	**30**
12 Month CD	4.30%	4.15%	15
12 Month T-Bill	**4.04%**	**3.73%**	**31**

Source: FBIL

Spread Movements

Instrument	Spreads over G-Secs on 31st October 2021 (bps)	Spreads over G-Secs on 31st July 2021 (bps)
1 Month CD	16	23
3 Month CD	13	3
6 Month CD	17	17
12 Month CD	26	42

Source: FBIL

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