TATA TREASURY ADVANTAGE FUND- SEPTEMBER 2021 UPDATE

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of portfolio is between 6 months & 12 months)

The scheme has 1 segregated portfolio

For External Circulation

This product is suitable for investors who are seeking*:

- Regular Fixed Income for Short Term.
- Investment in Debt & Money Market Instruments.

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

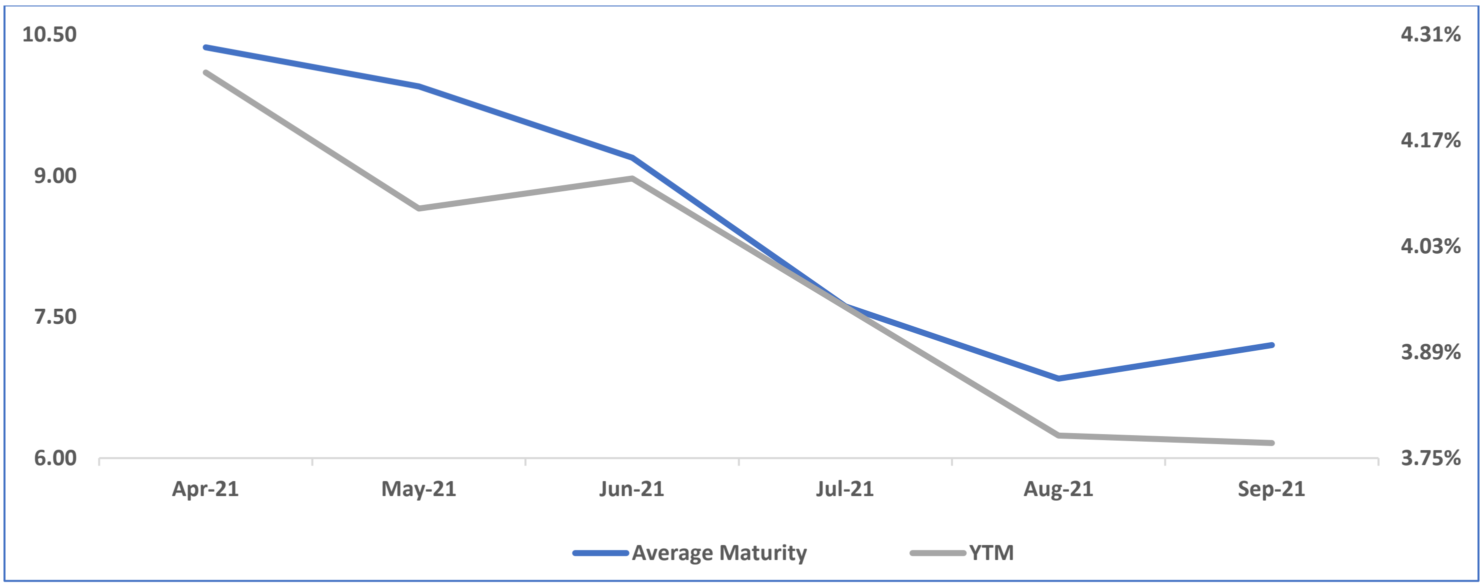
Investors understand that their principal will be at Low to Moderate Risk

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

About the Fund

The Scheme invests in various money market & fixed income securities with objective of providing liquidity & generating reasonable returns with lower interest rate risk. The fund maintains a duration in the range of 6-12 months.

Fund Commentary



- In the past few months, the fund has reduced its average maturity from ~10.40 months levels in April-21 to ~7.50 months in August-21. Since then, fall in maturity has levelled off, as yields started to fall in the past 3 months.

- Since April-21, the fund has kept allocations to AAA bonds, SOV and A1+ rated papers generally stable. The fund increased allocations to T-Bills while reducing allocations to SDLs. The fund also exited from holdings in AA/AA+ bonds.

- In comparison with the benchmark, the fund is overweight in SOV papers, AAA-bonds, and CDs, while being significantly underweight in CPs and absent in sub-AAA papers.

- The fund has a lower maturity and duration position compared to the benchmark.

Fund Overview- As on 15th September 2021

Ratings-wise breakdown of the Portfolio

Cash & Cash Equivalents	SOV	AAA	A1+	Total
2.40%	20.97%	43.58%	33.02%	**100%**

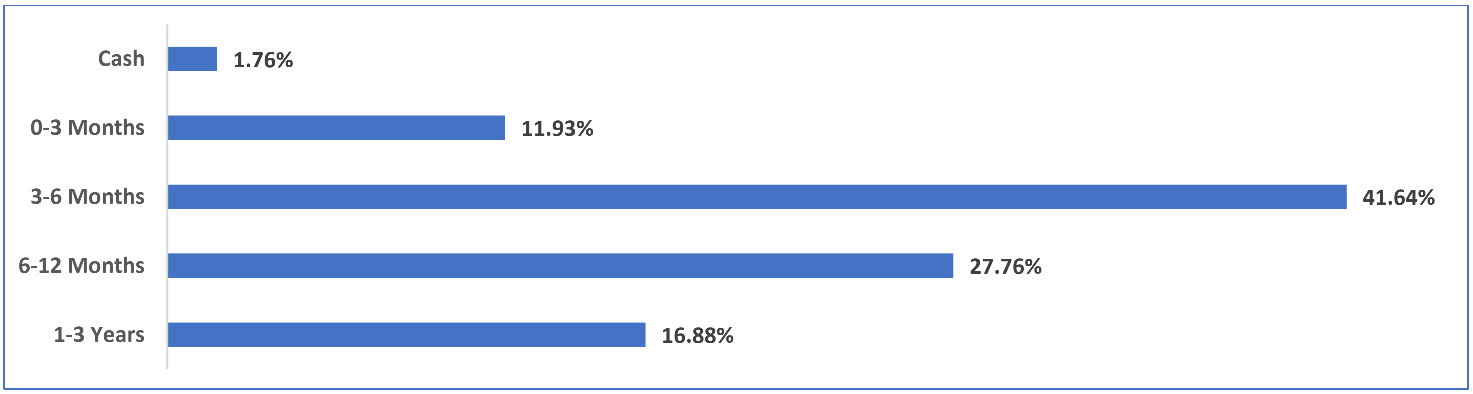
Instrument-wise breakdown of the Portfolio

Cash & Equivalents	G-Secs	SDLs	T-Bills	AAA-PSU	AAA Non-PSU Bonds	CD	CP	Total
2.40%	12.45%	2.91%	5.61%	26.20%	17.38%	15.81%	17.21%	**100%**

Fund Metrics

YTM	Average Maturity	Macaulay Duration	Modified Duration
3.77%	**7.20 Months**	**7.05 Months**	**6.86 Months**

Maturity Profile of the Portfolio



Current Portfolio Strategy*

Maturity	Liquidity	Accrual	Portfolio Quality
• Portfolio is biased towards the short term, with ~54% allocation in 0-6 months segment, ~28% in the 6- 12 month segment and ~17% in the 1-3 Year segment	• Portfolio is liquid, with ~26% of the portfolio in AAA-PSUs, ~21% in SOV papers and ~16% in CDs.	• The fund runs an accrual strategy • The YTM of the portfolio is 3.77%	• The portfolio holds ~21% in SOV papers, ~44% in AAA bonds and ~33% in A1+ papers. • 21% of A1+ rated papers are from AAA issuers

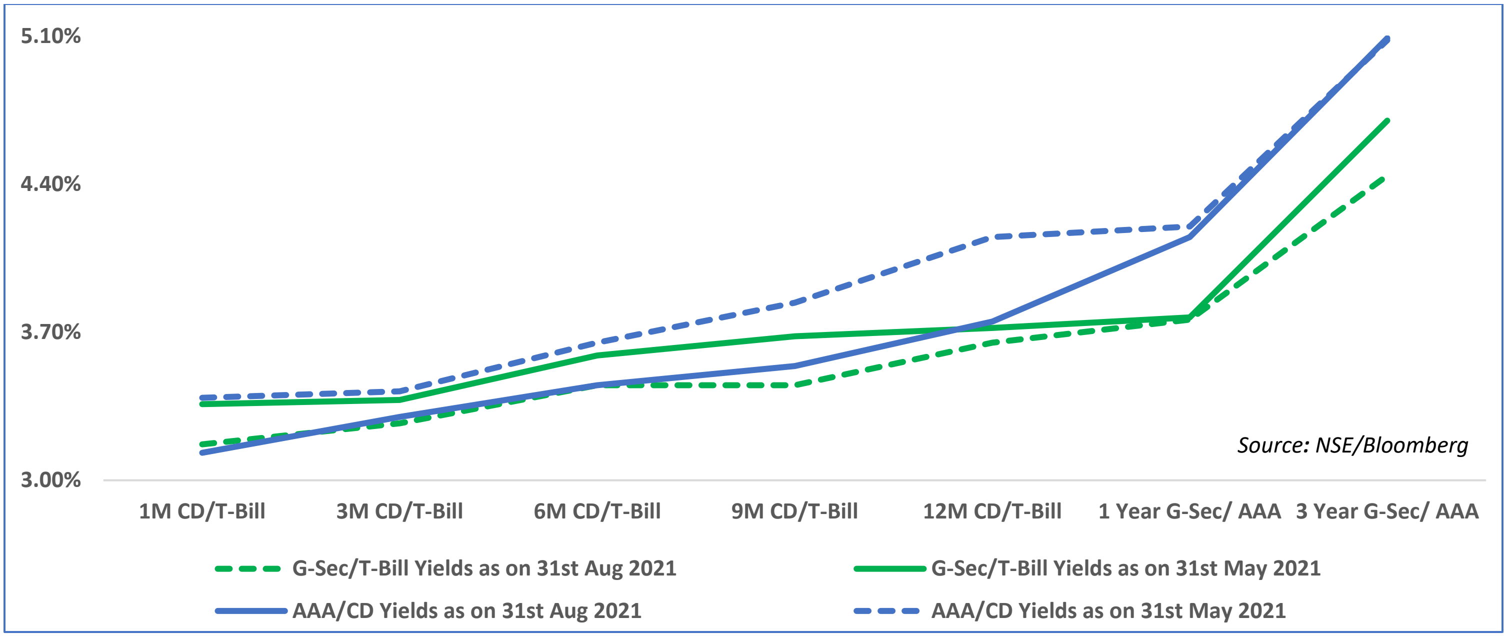
*Based on current market scenario. Strategy is subject to change without notice.

Investment in Tata Treasury Advantage Fund- Rationale

The fund is running an accrual strategy. The fund will also look to exploit opportunities where there is a scope for rating upgrade in addition to accrual income. The Fund would be a good opportunity for investors looking to invest in a high-quality, accrual-based portfolio with a 6-12-month horizon.

Movement of Yields and Spreads

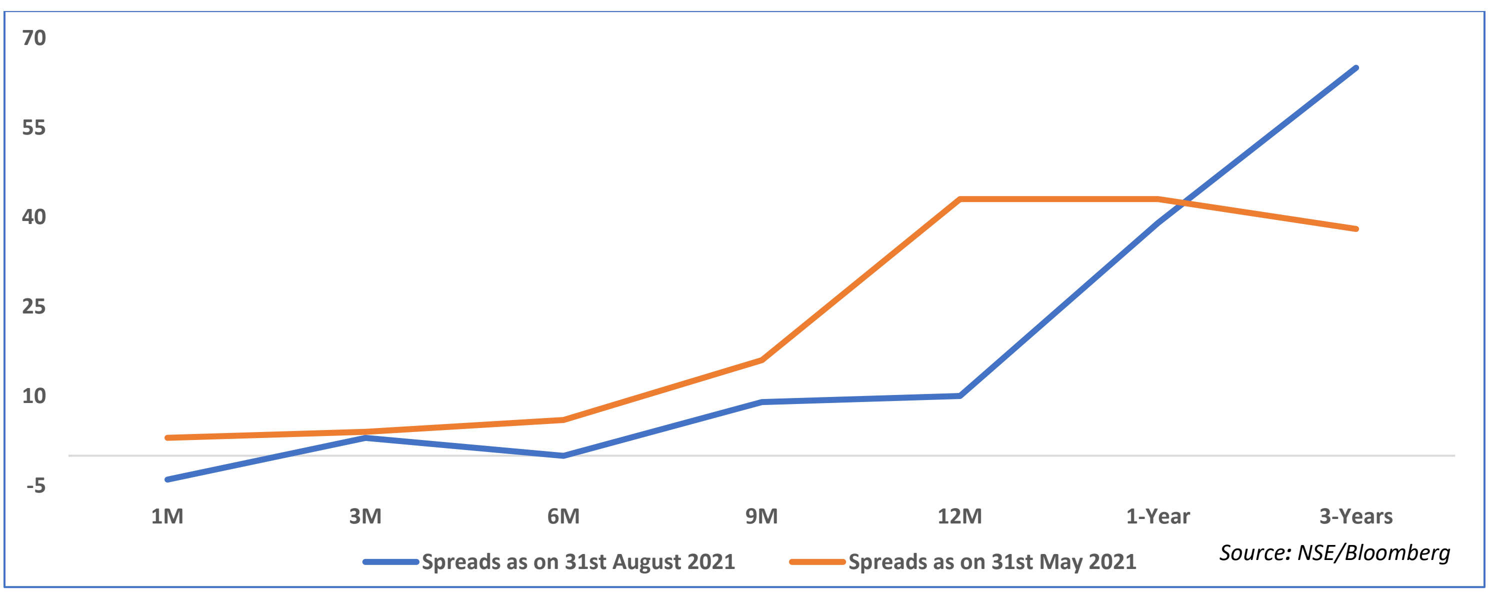
Recent Yields Movements



- In the past 3 months CD yields fell by 10-25 bps in the 0–6-month segment and by 20-30 bps in 6–12-month segment. T-Bill yields fell by 10-20 bps in the 0–6-month segment and by 15-23 bps in the 6–12-month segment.

- G-Sec yields in the 1-year segment remained stable, while falling by ~25 bps in the 3-year segment. Corporate bond yields in 3-year segment fell by ~5 bps.

Recent Spread Movements



- Spreads of CDs over T-Bills 0–9-month segment compressed by 0-10 bps, while widening by ~30 bps in the 12-month segment.

- Spreads in the 1-year segment compressed by ~5 bps and widened by ~25 bps in the 3-year segment.

Debt Outlook

- Growth Impulse continue to remain strong with GST collection coming at Rs 1.16 Lakh crores.
- Corporate profitability has improved, activity levels have picked up in many industries to pre-pandemic levels.
- We expect markets to be rangebound in the coming months.
- RBI in its monetary policy has indicated premature withdrawal of accommodative stance is not warranted when growth is still fragile. RBI has indicated its intent to withdraw excess liquidity in the coming months by hiking 14-day variable repo rate auction from 2 Lakh to 4 Lakh crores.
- Economic data is expected to improve sequentially in the coming months allowing for partial withdrawal of excess liquidity in the system. Hiking of Reverse Repo Rates is expected to commence in the first half of the next calendar year. Hiking of Repo Rates is expected in the second half of the next calendar year.

Yields and Spreads Movements

Yield Movements

Instrument	Yields as on 31st Aug 2021	Yields as on 31st May 2021	Change Between May-August 2021 (bps)
1 Month CD	3.13%	3.39%	-26
1 Month T-Bill	**3.17%**	**3.36%**	**-19**
3 Month CD	3.30%	3.42%	-12
3 Month T-Bill	**3.27%**	**3.38%**	**-11**
6 Month CD	3.45%	3.65%	-20
6 Month T-Bill	**3.45%**	**3.59%**	**-14**
9 Month CD	3.54%	3.84%	-30
9 Month T-Bill	**3.45%**	**3.68%**	**-23**
12 Month CD	3.75%	4.15%	-40
12 Month T-Bill	**3.65%**	**3.72%**	**-7**
1 Year AAA PSU	4.15%	4.20%	-5
1 Year G-Sec	**3.76%**	**3.77%**	**-1**
3 Year AAA PSU	5.09%	5.08%	1
3 Year G-Sec	**4.44%**	**4.70%**	**-26**

Source: NSE/Bloomberg

Spread Movements

Instrument	Spreads over G-Secs on 31st Aug 2021 (bps)	Spreads over G-Secs on 31st May 2021 (bps)
1 Month CD	-4	3
3 Month CD	3	4
6 Month CD	0	6
9 Month CD	9	16
12 Month CD	10	43
1 Year AAA (PSU)	39	43
3 Year AAA (PSU)	65	38

Source: NSE/Bloomberg