

An open ended debt scheme predominantly investing in debt instruments of Banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds. A relatively high interest rate risk and moderate credit risk.

For External Circulation

This product is suitable for investors who are seeking*:

- Regular Income Over Short Term to Medium Term.
- Predominant investment in Debt & Money Market instruments issued by Banks, Public Sector Undertakings & Financial Institutions.

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

Scheme Risk O Meter

RISK - O - METER

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

Benchmark Risk O Meter

RISK - O - METER

(It may be noted that risk-o-meter specified above is based on the scheme characteristics. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis.)

Potential Risk Class			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		B-III	
PRC Matrix is as on 31st May 2022			

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

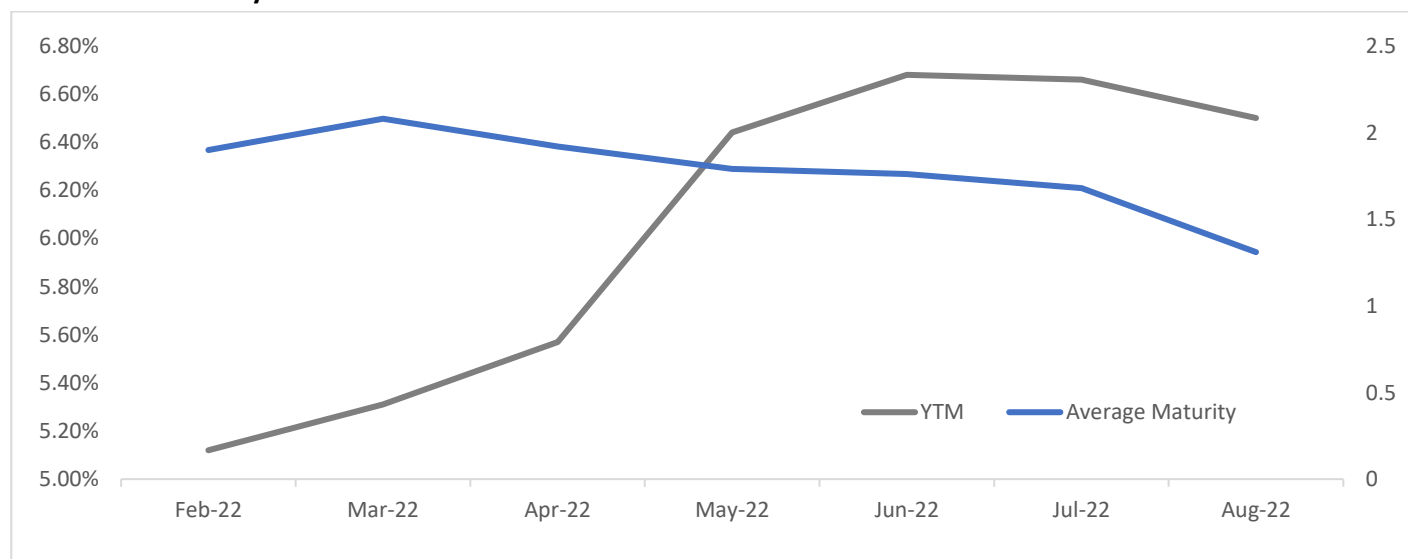
About the Fund

The investment objective of the scheme is to generate reasonable income, with low risk and high level of liquidity from a portfolio of predominantly debt & money market securities issued by Banks, Public Sector Undertakings (PSUs), Public Financial Institutions (PFIs) and Municipal Bonds. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.

Fund Commentary

As on 31st Aug-22, the fund has ~95% in instruments from SOV or AAA-rated papers. ~13% of the portfolio is invested in SDLs, ~73% in PSU bonds & debentures. The fund has kept allocations in AAA bonds, at ~75-80% levels since September-21 and has reduced this allocation from this band this month. The fund reduced allocation to SOV papers decreased from ~20% in Nov-21 to ~13% in Aug in SOV papers. The fund has continued to focus on accruals while reducing its maturity position.

Accrual and Maturity



In the past few months, as yields rose across maturities, the fund reduced its average maturity position from a ~2.50 years in Dec-21 to ~1.31 years in Aug-22. Yields are expected to continue to rise across maturities in the coming few months. The YTM of the fund rose in line with increase in yields.

Fund Overview-As on 31st Aug 2022

Ratings-wise Breakdown of the Portfolio

Cash & Equivalents	SOV	AAA
14.58%	12.63%	72.80%

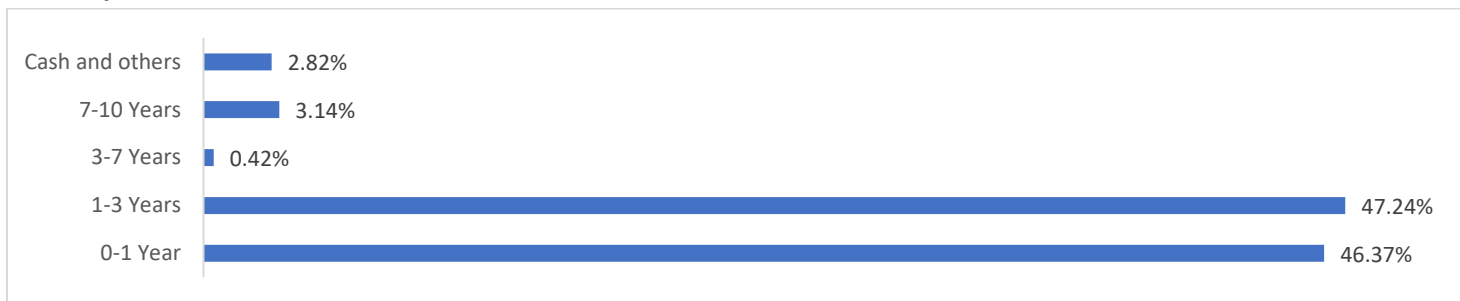
Instrument-wise Breakdown of the Portfolio

Cash & Equivalents	SDLs	AAA-PSU Bonds
14.58%	12.63%	72.80%

Fund Metrics

Average Maturity	Macaulay Duration	Modified Duration	YTM
1.31 Years	1.18 Years	1.11 Years	6.50%

Maturity-wise breakdown of the Portfolio



Current Portfolio Strategy*

Maturity
<ul style="list-style-type: none"> •The portfolio is biased towards the short term with ~96% of the portfolio in the 0-3 year segment and ~3% in the 7-10 year segment.

Liquidity
<ul style="list-style-type: none"> •Portfolio is highly liquid, with ~13% in SOV papers, ~73% in AAA-PSUs.

Accrual
<ul style="list-style-type: none"> •The YTM of the portfolio is 6.50%

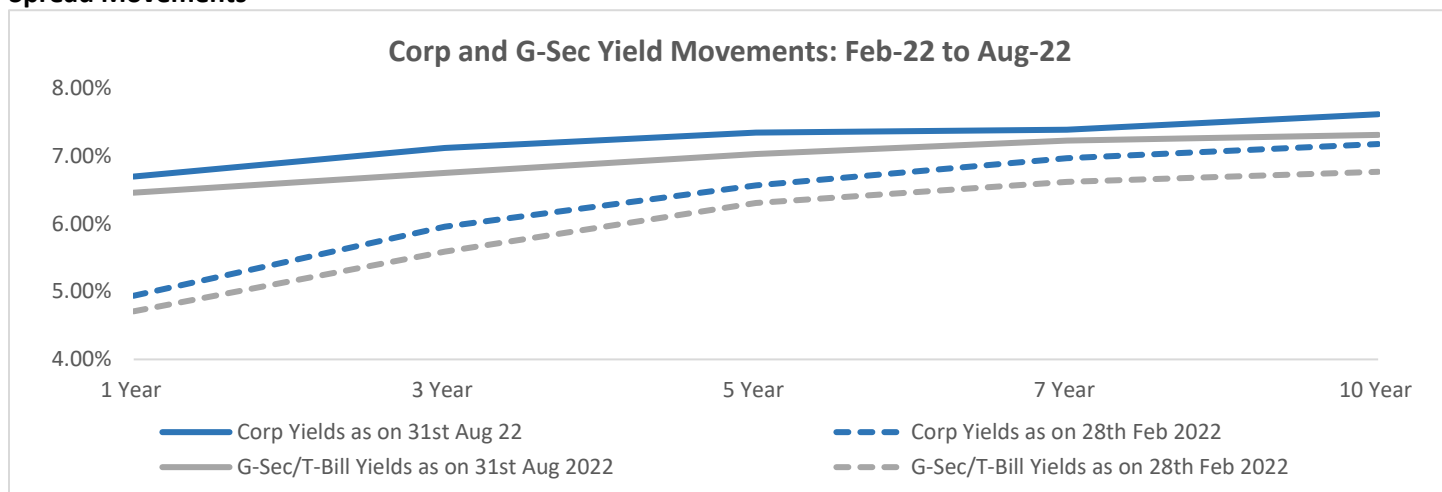
*Based on current market scenario. Strategy is subject to change without notice.

Investment in Banking & PSU Debt Fund- Rationale

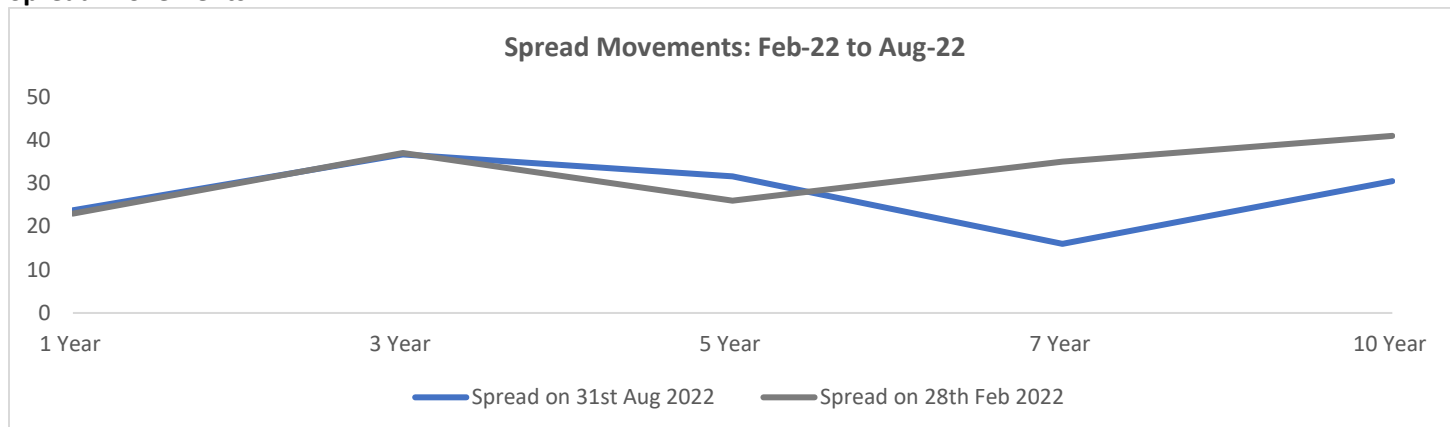
The fund is biased towards AAA-PSU and SOV instruments given domestic and global uncertainties. The fund is positioned to generate accrual returns from high quality bonds and G-Secs. Fund is suitable for investors looking for an accrual-based portfolio for a short-term to medium-term investment horizon.

Yield and Spread Movements: February to August 2022

Spread Movements



Spread Movements



Yields and Spreads Movements

Yield Movements

Instrument	Yields as on 31 st Aug 2022	Yields as on 31 st May 2022	Change Between May - Aug 22 (bps)
1 Month CD	5.55%	4.36%	119
1 Month T-Bill	5.37%	4.23%	114
3 Month CD	5.85%	5.15%	70
3 Month T-Bill	5.63%	4.90%	73
6 Month CD	6.25%	5.72%	53
6 Month T-Bill	6.06%	5.43%	63
12 Month CD	6.75%	6.32%	43
12 Month T-Bill	6.31%	5.91%	40
1 Year AAA-PSU	6.70%	6.40%	30
1 Year G-Secs	6.46%	6.01%	45
3 Year AAA-PSU	7.12%	7.20%	-8
3 Year G-Secs	6.75%	6.94%	-19

Source: Bloomberg

Spread Movements

Instrument	Spreads over G-Secs on 31 st Aug 2022 (bps)	Spreads over G-Secs on 31 st May 2022 (bps)
1 Month CD	18	13
3 Month CD	22	25
6 Month CD	19	29
12 Month CD	44	41
1 Year AAA-PSU	24	39
3 Year AAA-PSU	37	26

Source: Bloomberg

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