

# TATA TREASURY ADVANTAGE FUND



(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of portfolio is between 6 months & 12 months). (Refer page 15 of the SID). A Moderate Interest Rate Risk and Moderate Credit Risk.

The scheme had 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**

**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 - Interest Rate Risk	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)		B1	
Relatively High (Class III)			
PFC Matrix is as on 31st May 2022			

## Fixed Income View in Brief

The inflation trajectory has softened with calibrated rate hike by RBI. The inflation trend in India was similar to the global trend in inflation which followed a bell-shaped curve. Indian CPI inflation peaked in April at 7.79% and has cooled off since then by actions taken by RBI. to maintain differentials between US Fed Fund Rates and Repo rates and with the expectation of inflation to be within the 4% +/- 2% tolerance band.

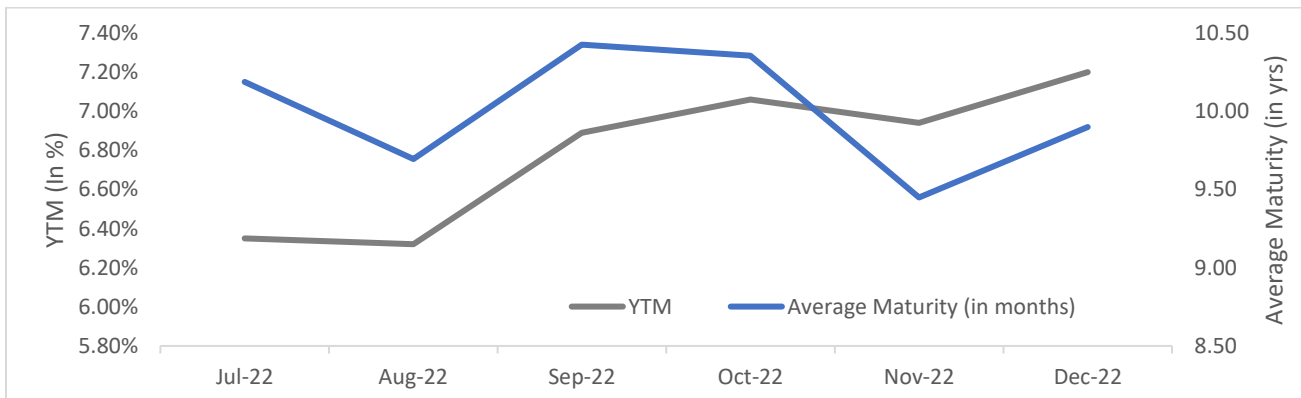
Net Durable Liquidity is back to pre-covid levels and banking sector liquidity has come down significantly and credit growth continues to be robust at 17% levels. Deposit growth has picked up with nationalized banks increasing their deposit rates aggressively. This may make them incremental buyers in government securities and corporate bonds in the next financial year in the short and medium end of the yield curve. The demand from Insurance companies, National Pension Scheme, Employee Provident Fund Organization has been strong in the current financial year. The long end of yield curve moved above 7.40 % levels.

## About the Fund

The investment objective of the scheme is to generate regular income & capital appreciation by investing in a portfolio of debt and money market instruments with relatively lower interest rate risk. 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

Towards the calendar year beginning, the fund was at lower band of the modified duration range in line with the view that repo rates would rise pushing up yields across the curve, with rise being greater in the shorter end of the curve. The MPC had also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. Post off-cycle policy in June 2022, with the rise in repo rates, the FM started becoming constructive on rates and added duration.



- In the past few months, the fund increased its maturity position from ~7 months in Feb-22 to ~10 months in Dec 2022. The YTM of the fund increased significantly in the same period.
- Allocation to SOV has been maintained at ~13%

### Fund Overview- As on 31<sup>st</sup> December 2022

#### Ratings-wise breakdown of the Portfolio

Cash & Cash Equivalents	SOV	AAA & A1+
4.81%	13.31%	81.88%

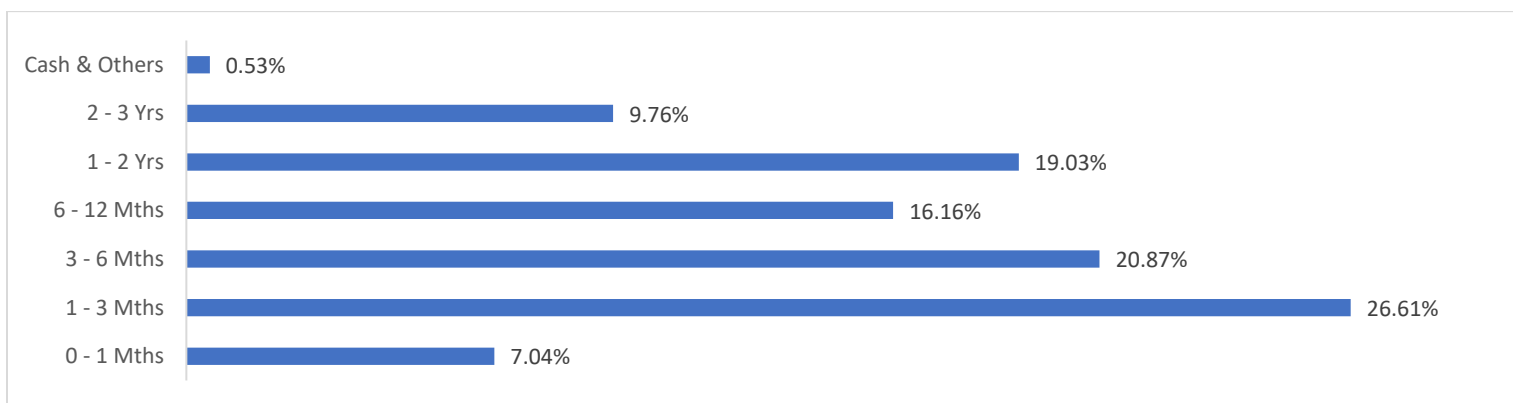
#### Instrument-wise breakdown of the Portfolio

Cash & Equivalents	G-Secs	SDLs	Bonds	CD	CP
4.81%	8.31%	5.00%	35.84%	28.88%	17.17%

#### Fund Metrics

YTM	Average Maturity	Macaulay Duration	Modified Duration
7.20%	10.04 months	9.61 months	9.18 months

#### Maturity Profile of the Portfolio (In %)



#### Current Portfolio Strategy\*

Maturity	Liquidity	Accrual
<ul style="list-style-type: none"> <li>•Portfolio is biased towards the short term, with ~55% allocation in 0-6 months segment, ~16% in the 6- 12 month segment and ~29% in the 1-3 Year segment</li> </ul>	<ul style="list-style-type: none"> <li>•Portfolio is liquid, with ~36% of the portfolio in AAA-PSUs, ~13% in SOV papers and ~46% in A1+ rated securities.</li> </ul>	<ul style="list-style-type: none"> <li>•The fund runs an accrual strategy</li> <li>•The YTM of the portfolio is 7.20%</li> </ul>

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