

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months & 6 months)

For External Circulation

Data as on 15<sup>th</sup> July 2021

**This product is suitable for investors who are seeking\*:**

- Regular Income Over Short Term.
- Investment in Debt & Money Market instruments such that the Macaulay Duration of the portfolio is between 3 months - 6 months.

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

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

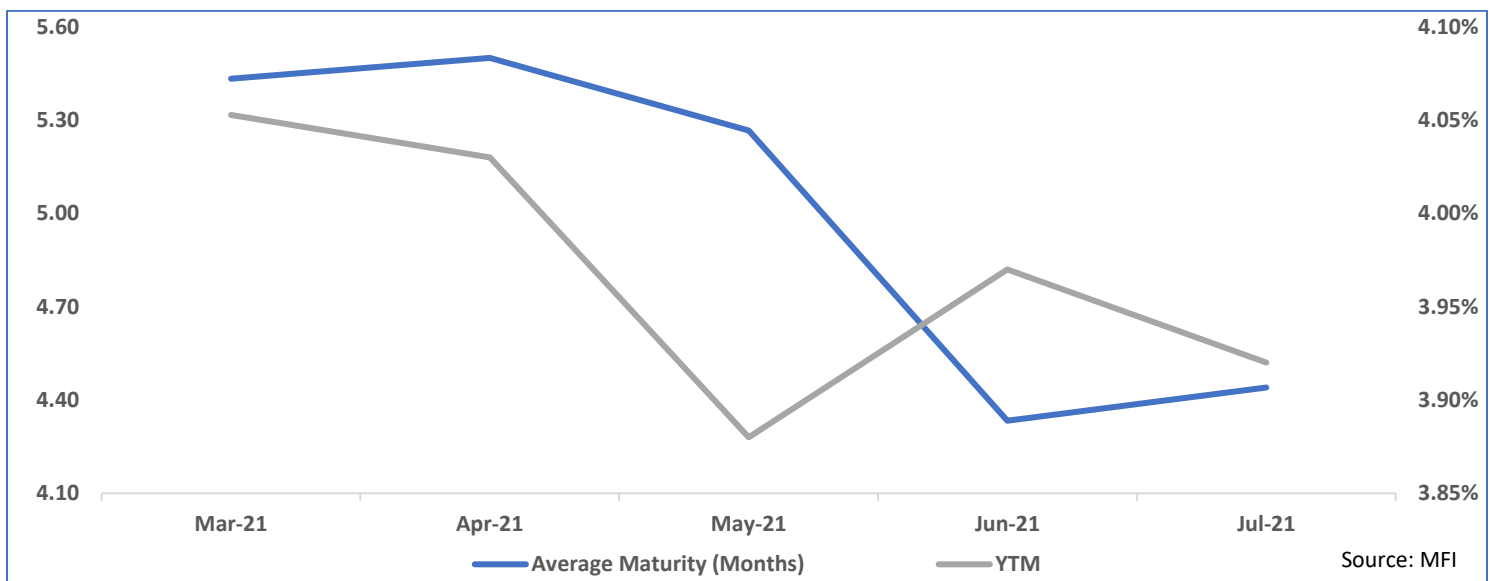
**Mutual Fund investments are subject to market risk, read all scheme related documents carefully**

## About the Fund

Scheme will aim to generate regular income and capital appreciation by investing in a portfolio of short-term debt and money market instruments with relatively lower interest rate risk.

## Fund Commentary

- The fund currently holds ~10% in AAA-PSU Bonds, ~13% in non-PSU bonds, ~11% in SOV papers and ~53% in money market instruments.



- Since March-21, with rising yields, the fund has reduced its average maturity from ~5.40 months in March-21 to ~4.44 months in July-21. Similarly, the portfolio yield fell from ~4% to ~3.90% in the same period.
- The fund has increased allocations to the 0-3 months segment of the portfolio, while reducing allocations to the 6-months and above segment
- In comparison with the benchmark, the fund is significantly overweight in CDs, corporate bonds and G-Secs, while being underweight in CPs and T-Bills

## Fund Overview

### Ratings-wise breakdown of the Portfolio

Cash & Cash Equivalents	SOV	AAA	AA+	AA	A1+	Total
12.67%	11.38%	17.28%	3.88%	1.73%	53.07%	100%

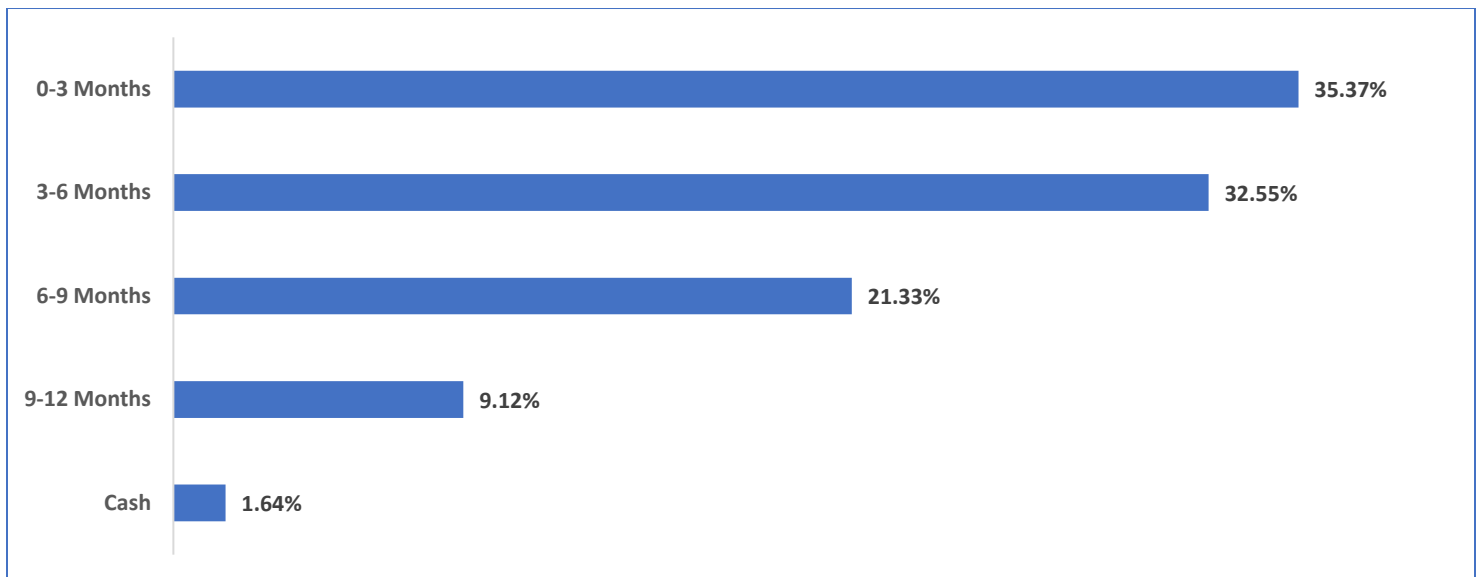
### Instrument-wise breakdown of the Portfolio

Cash & Equivalents	G-Secs	SDLs	AAA-PSU	Non-PSU Bonds	CD	CP	T-Bills	Total
12.67%	4.28%	0.84%	9.54%	13.35%	16.45%	36.62%	6.26%	100%

### Fund Metrics

YTM	Average Maturity	Macaulay Duration	Modified Duration
3.92%	4.44 Months	4.38 Months	4.31 Months

### Maturity Profile of the Portfolio



### Current Portfolio Strategy\*

Maturity	Liquidity	Accrual	Portfolio Quality
<ul style="list-style-type: none"> <li>Portfolio is biased towards short term instruments, with ~68% allocation in 0-6 months segment and ~30% in the 6-12 month segment.</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio is liquid, with ~10% of the portfolio in AAA-PSUs, ~11% in SOV papers and ~37% in CDs and 13% in PSU-CPs.</li> </ul>	<ul style="list-style-type: none"> <li>The fund runs an accrual strategy</li> <li>The YTM of the portfolio is 3.92%</li> </ul>	<ul style="list-style-type: none"> <li>The portfolio is of a high quality, with ~11% in SOV papers, ~17% in AAA bonds and ~53% in A1+ papers.</li> <li>31% of A1+ rated papers are from AAA issuers</li> </ul>

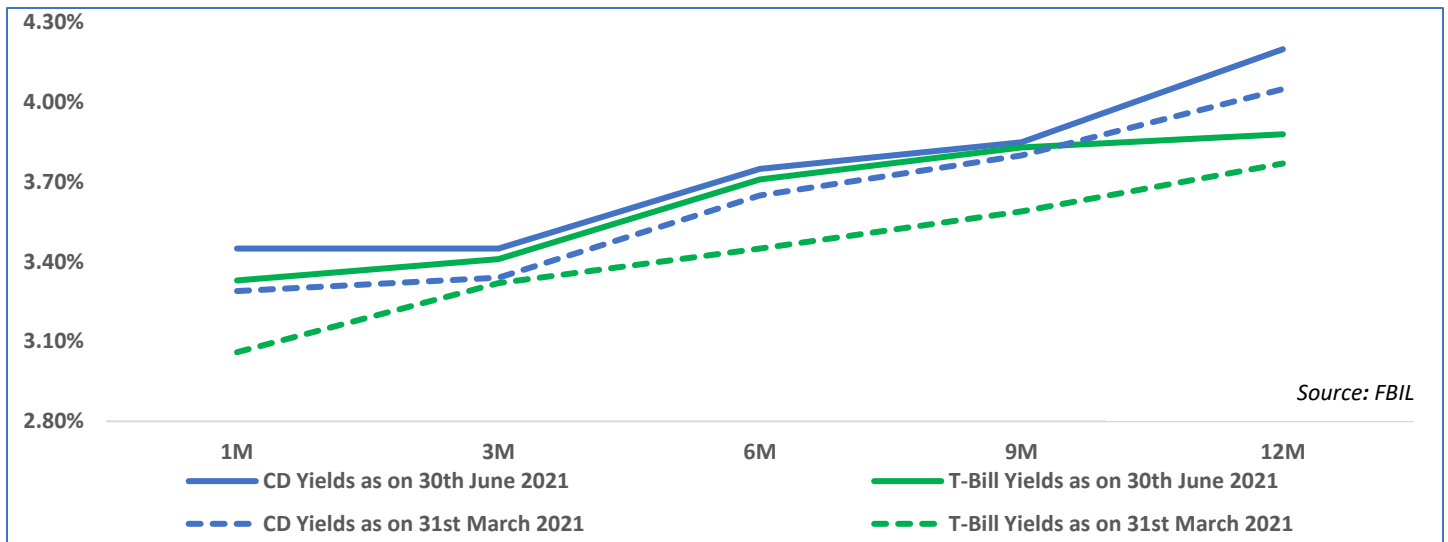
\*Based on current market scenario. Strategy is subject to change without notice.

## Investment in Tata Treasury Advantage Fund- Rationale

The fund is running an accrual strategy. The Fund would be a good opportunity for investors looking to invest in a high-quality, accrual-based portfolio with a 3-6-month horizon.

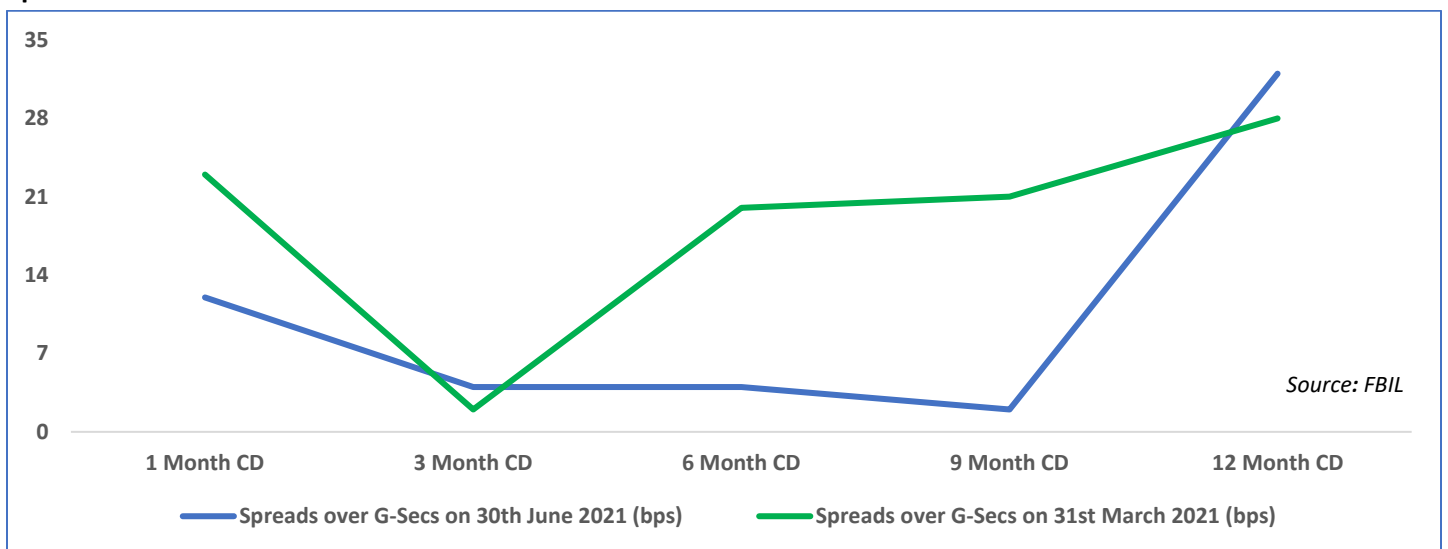
## Yields and Spread Movements: March to June 2021

### Yield Movements



- Yields of CDs in the 0–6-month segment rose by 10-15 bps and by ~15 in the 12-month segment
- T-Bill yields in the 1-month and 6–9-month segment rose by ~25 bps and by ~10 bps in the 3 and 12-month segment

### Spread Movements



- Spreads in the 1-month segment fell by ~10 bps and by ~15-20 bps in the 6–9-month segment.
- Spreads in the 3-month and 12-month segment remained relatively stable.

## Debt Outlook

- The recovery of the Indian economy seems to be pushed back due to the second wave of the pandemic, which has seen record level of infections and deaths. 40 % to 50 % of the population is likely to get vaccinated in the next 6 months, in the best-case scenario.
- We expect RBI to intervene decisively, especially in the short end of the yield curve to support bond prices.
- RBI would like to be sure of growth impulses getting firmly entrenched before it starts withdrawing its accommodative monetary policy stance. RBI would also like to guard against the third wave of covid in India which has engulfed countries like Australia, UK.
- Global macro-economic environment continues to be growth positive, with most advanced economy expected to start withdrawing monetary accommodation from next year onwards. The US is expected to at the forefront with Federal Reserve expected to hike rates in the second half of 2023.
- Additional borrowing for GST compensation cess and stimulus package announced by the government is expected to happen in less than 7-year segment.

## Yields and Spreads Movements

### Yield Movements

Instrument	Yields as on 30 <sup>th</sup> June 2021	Yields as on 31 <sup>st</sup> March 2021	Change Between Mar-June (bps)
1 Month CD	3.45%	3.29%	16
<b>1 Month T-Bill</b>	<b>3.33%</b>	<b>3.06%</b>	27
3 Month CD	3.45%	3.34%	11
<b>3 Month T-Bill</b>	<b>3.41%</b>	<b>3.32%</b>	9
6 Month CD	3.75%	3.65%	10
<b>6 Month T-Bill</b>	<b>3.71%</b>	<b>3.45%</b>	26
9 Month CD	3.85%	3.80%	5
<b>9 Month T-Bill</b>	<b>3.83%</b>	<b>3.59%</b>	24
12 Month CD	4.20%	4.05%	5
<b>12 Month T-Bill</b>	<b>3.88%</b>	<b>3.77%</b>	25

Source: FBIL

### Spread Movements

Instrument	Spreads over G-Secs on 30 <sup>th</sup> June 2021 (bps)	Spreads over G-Secs on 31 <sup>st</sup> March 2021 (bps)
<b>1 Month CD</b>	12	23
<b>3 Month CD</b>	4	2
<b>6 Month CD</b>	4	20
<b>9 Month CD</b>	2	21
<b>12 Month CD</b>	32	28

Source: FBIL

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