

## 5 QUESTIONS FOR FUND MANAGER

# MIRAE ASSET CASH MANAGEMENT FUND

**Liquid Fund** - An open-ended liquid scheme. A relatively low interest rate risk and moderate credit risk.

Mirae Asset Cash Management Fund primarily invests in money market and debt instruments, which have an average maturity of up to 30 days. The fund aims to generate market linked returns with low mark to market and credit risk.

### Investment Strategy

Fund provides minimal interest rate risk.

Fund endeavours to maintain high portfolio liquidity.

Invest into debt instruments with residual maturity up to 91 days to create a portfolio of money market and debt Instruments.

**Net AUM**  
as on Dec 30, 2022

**INR 5733.66 Crores**

**Benchmark**

**NIFTY Liquid Index B-I**

**Scheme Inception date**

**12<sup>th</sup> Jan 2009**



### Fund Manager - ABHISHEK IYER

Mr. Abhishek Iyer has around 13 years of experience in finance sector, and he is primarily responsible as Fund Manager & Fixed Income Dealer. Prior to this assignment, he was associated with IDBI Asset Management Company Ltd., India Infoline Asset Management Company Limited, L&T Asset Management Company Limited and Sahara Asset Management Company Limited as Fixed Income - Dealer. He is managing the Mirae Asset Cash Management Fund since 28-Dec-2020.

### What has been the broad overview about the interest rates in 2020-2022?

- Since 2020, the global economy went into a tailspin due to Covid which led to fiscal & monetary responses. The Reserve Bank of India (RBI), like other central banks, brought in measures to infuse money in the system by cutting repo rates & other supporting action. The RBI brought



- Repo rates down to 4.00% from 5.75%. The objective was to infuse liquidity, support the economy and businesses to tide over difficult times.
- With the above efforts, the money market rates aligned towards the reverse repo rate of 3.35% and for almost 2 years, i.e., 2020 & 2021, the money market rates were mostly below the repo rate of 4.00%.
- Thereafter, as 2022 started with inflationary trends and geopolitical risks coupled with commodity & energy shocks, RBI reacted to control inflation from May 2022 by hiking repo rates and ending year 2022 with a hike of 225 bps during the year, thereby bringing repo rate to 6.25%. This led to money market instrument rates aligning to this hike and fresh debt paper issuances got benchmarked to the new repo rates.



## 2023- View on Money Markets

- As we enter 2023, most of the rate hikes appear to be factored in and no major stance reversal may be expected in near term. The yield curve appears flatter with slight possibility of reduction in long tenor yields. In such a situation, the shorter end of the curve may be considered from a risk reward perspective.
- Economic revival led by government focus on growth may likely push the capital expenditure cycle. Currently, robust credit growth may indicate the early signs of economic revival. This may lead the money market to see increased quantum of Certificate of Deposits (CDs) issuances by commercial banks. Also, going forward the issuance of fresh debt papers, namely Commercial Papers (CPs) issued by manufacturing & non-banking finance companies at higher levels could be an added advantage.
- Another benefit to the investor of this segment is that money market issuances could offer a positive spread compared to equivalent tenure traditional fixed coupon instruments as the former is closer to current Inflation levels.

## The probable headwinds

- RBI's actions to infuse liquidity in 2020 resulted in the system liquidity touching around INR 9 lac crs. The liquidity surplus mode was at an average of INR 5.5 lac crs between Mar 2020 to May 2022. From 2022, as RBI increased repo rates, the systemic liquidity and credit demand revival has led to systemic liquidity dropping from neutral to negative. If the situation remains the same, pressure may build up further, however, with short tenor and faster re-investments, the same may be managed to a certain extent.
- Uncertainties around geopolitical conditions, continued inflation trends and spill over effect due to China opening may lead to continued hawkish stance by the global central banks, which could be an added pressure on RBI.



## What has been the investment approach & fund positioning of Mirae Asset Cash Management Fund?

- During uncertain times, usually considered low volatility segments like money markets may turn volatile. In the years, 2008, 2013 & 2019 marked such crises (Global Financial Crisis, Forex Volatile, Credit & liquidity Crisis respectively). The lessons throughout such crises have been that liquidity and quality assets may safeguard better during volatile conditions.
- Therefore, we strive to continuously position ourselves with the change in the state of economy with an eye on liquidity and credit quality of portfolios. We endeavour to be cognizant of the portfolio quality, ensuring portfolio liquidity while trying to deliver right investment experience.



## What should a liquid fund investor look out for in 2023?

- As we approach the peak of rate hike cycle, liquid funds may be lucrative for investors who want to invest for a short period of time with a frequent reinvestment opportunity with the prevalent market rates.

### About the Portfolio as on 30-Dec-2022

#### MIRAE ASSET CASH MANAGEMENT FUND - PORTFOLIO DETAILS AS ON 30-DEC-22

Rating Profile	Weightage (%)	Asset Allocation	Weightage (%)
A1+	68.3%	Commercial Paper	41.1%
SOV	13.8%	Certificate of Deposit	27.3%
AAA	3.3%	Treasury Bill	13.8%
Cash & Other Receivables	14.5%	Corporate Bond	3.3%
		Cash & Other Receivables	14.5%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>



Data Source: Internal, Bloomberg data, Portfolio details as on 30-Dec-22

Note: Investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document. Please read the offer document to know in detail about the asset allocation.

**Statutory Details:** Trustee: Mirae Asset Trustee Company Private Limited; Investment Manager: Mirae Asset Investment Managers (India) Private Limited (AMC); Sponsor: Mirae Asset Global Investments Company Limited.

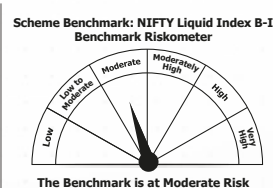
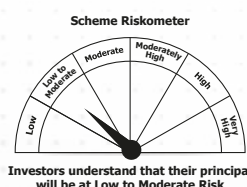
The information contained in this document is compiled from third party and publicly available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance of such information. The AMC, its associate or sponsors or group companies, its directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications.

### PRODUCT LABELLING

Mirae Asset Cash Management Fund is suitable for investors who are seeking\*

- Optimal returns over short term
- Investment in a portfolio of short duration money market and debt instruments with residual maturity up to 91 days only

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.



#### Potential Risk Class Matrix (PRC)

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)		B-I	
Moderate (Class II)			
Relatively High (Class III)			

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For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: [www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

Please consult your financial advisor or mutual fund distributor before investing.

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