

5 QUESTIONS FOR FUND MANAGER

Aim to achieve your
SHORT TERM GOALS

MIRAE ASSET ULTRA SHORT DURATION FUND

An Open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration* of the portfolio is between 3 months to 6 months. (*please refer to page no. 38 of the SID). A relatively low interest rate risk and moderate credit risk.

Investment Strategy

Investment will primarily be made in short maturity papers along with tactical exposure to Government Securities (T-bills).

The endeavour will be to have a portfolio of high quality and low interest rate sensitive debt securities.

Macaulay duration of the portfolio shall be between 3 months and 6 months.

The fund attempts to offer better risk reward opportunity over other traditional alternatives in short term period.

Net AUM
as on Mar 31, 2023

INR 259.58 Crores

Benchmark

NIFTY Ultra Short Duration Debt Index B-I.

Scheme Inception date

7th Oct 2020



Fund Manager - BASANT BAFNA (Since 16th January 2023)

Mr. Basant Bafna has over 12 years of experience in the banking industry. Prior to this assignment, Mr. Basant Bafna worked as Chief Dealer and Assistant General Manager with Export-Import Bank of India.

The Mirae Asset Ultra Short Duration Fund will complete three years in 2023. What are the key milestones for the fund during this period?

The fund was launched during the Covid pandemic amidst significant market uncertainty both on the domestic & global front. Market yields at the time were close to the bottom of the current interest rate cycle reflecting an ultra-accommodative stance adopted by Reserve Bank of India (RBI). As interest rates have since risen with a significant flattening of the yield curve, investors have been able to take benefit of faster adjustments to portfolio yields as interest rates have normalised. Additionally, the fund has strived to offer stability of returns to its investors with low interest rate sensitivity while remaining focused on credit quality.



Amongst the less than one year debt fund categories, the liquid category & the low duration category are more known by investors. What according to you makes the ultra-short duration category stand out for investors?

The yield curve has flattened significantly reflecting policy repo rate adjustments over the past year. With the central bank resorting to a pre-emptive pause in the recent Monetary Policy meeting, the yield curve has witnessed the commencement of bull steepening with the ultra-short duration category being able to get benefits of this steepening especially when compared to liquid & low duration categories over the past six months.

Market conditions have remained volatile, and the fund has endeavoured to navigate the turmoil by adjusting duration to evolving market conditions. With the possibility of further steepening, should the RBI's projected inflation trajectory materialise and a relatively attractive 3–6 months segment at around 30 bps spread, the ultra-short duration category may continue to provide an attractive option to investors.



Repo rates have been increased 250bps from May 2022 till date. What impact did this have on the category and what is the way forward in 2023?

An increase in policy rates over the past year has resulted in a significant flattening of the yield curve with the curve exhibiting inversion in early March 2023 and Overnight Interest Rate Swaps (OIS) rates indicating possible additional rate hikes in the current cycle.

With the banking sector crisis in advanced economies followed by a pause by RBI, markets have swiftly realigned with the shorter end of the yield curve witnessing a steep fall in yields thereby enabling investors in the ultra-short duration category to participate in this benefit of yield downturn. Markets are now expecting monetary policy rates to remain at present levels during the year.

Given market expectations of a peak in policy rates, as of now, the curve remains attractive with 6-month Certificate of Deposits (CDs) at a spread of ~ 30 bps over 3-month CDs and ~ 100 bps spread vis-à-vis overnight rates. The shorter end has benefited with the recent steepening and is expected to remain attractive.

What is the investment approach & fund positioning of Mirae Asset Ultra Short Duration Fund?

The fund focuses on maintaining credit quality with duration management to express interest rate views considering the prevailing yield curve. Given expectations of a peak in policy rates, the fund is expected to maintain a duration of 0.4-0.5 years with adjustments in accordance with evolving market conditions.



What is your debt outlook and message for investors for the rest of 2023?

Policy rates have either peaked or are closer to peak for most economies. While recent events have clearly shifted focus from inflation to financial sector stability in the US, there remains a divergence between markets expectations of rate cuts commencing in the second half of 2023 and the US Federal Reserve reinforcing expectations of policy rates remaining constant throughout the year. Domestically, while RBI has clearly indicated that the policy pause should not be construed as a pivot, markets have aligned towards a prolonged pause.

Inflation on the other hand has already peaked for most economies and has commenced a downward trajectory. The expected pace of decline in inflation towards target levels, commodity prices and the emerging dynamics around financial sector stability may govern the interest rate trajectory going forward.

Domestically, monetary policy rates are likely to remain on pause mode. As such incoming data points and evolving liquidity conditions should provide tactical opportunities in an otherwise range bound market.

MIRAE ASSET ULTRA SHORT DURATION FUND - PORTFOLIO DETAILS AS ON END MAR 2023

Rating Profile	% of total	Asset allocation	% of total
A1+	77.92%	Certificate of Deposit	46.64%
AAA	5.77%	Commercial Paper	31.28%
SOV	5.67%	Corporate Bond	7.70%
AA+	1.93%	Treasury Bill	3.77%
Cash & Other Receivables	8.71%	Government Bond	1.90%
-	-	Cash & Other Receivables	8.71%
Total	100.00%	Total	100.00%

Data Source: Internal, Bloomberg data, Portfolio details as on 31-Mar-23

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. The strategies/themes mentioned herein do not constitute any research report/recommendation of the same and the fund may or may not have any future position in these strategies/themes.

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.

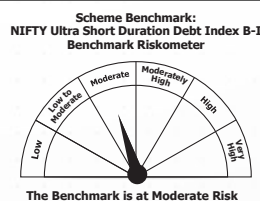
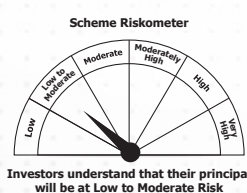
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PRODUCT LABELLING

Mirae Asset Ultra Short Duration Fund (MAUSDF) is suitable for investors who are seeking*

- Income over a short term investment horizon
- Investments in debt and money market securities with portfolio Macaulay duration between 3 months & 6 months

*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

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.