

5 QUESTIONS FOR FUND MANAGER

AIM TO GROW YOUR SAVINGS



MIRAE ASSET SAVINGS FUND

Low Duration Fund - an open-ended low duration debt scheme investing in instruments with Macaulay duration* of the portfolio between 6 months and 12 months. (*Refer page no. 33 of the SID). A moderate interest rate risk and moderate credit risk.

Mirae Asset Savings Fund aims to generate returns by primarily investing in short duration (6 - 12 months) debt and money market instruments.

Investment Strategy

The fund will be investing in instruments with Macaulay duration of the portfolio between 6 months and 12 months.

The portfolio will be comprising mainly of debt and money market instruments of short-term maturity.

The fund endeavours to have a portfolio of high quality and low interest rate sensitive debt securities.

Net AUM
as on Jan 31, 2023

INR 633.79 Crores

Benchmark

NIFTY Low Duration Debt Index B-I

Scheme Inception date

26th June 2012



Fund Manager - KRUTI CHHETA (Since 22nd August 2022)

Ms. Kruti Chheta has over 7 years of experience in the fixed income market and has been associated with Mirae Asset Investment Managers (India) Private Ltd. for over 5 years as a fixed income analyst. Her responsibilities as part of the investment team included leading the research for managing debt funds.

Prior to joining the AMC, Ms. Chheta has been associated with AK Capital and Shriram Wealth Advisors.

What will be your broad overview about the low duration category in line with current interest rates?

Year 2020 and 2021 was about countering the global pandemic situation and central banks provided ample liquidity to avoid economic tailspin. 2022 was a year of inflation, wherein central banks rushed to hike rates to curb inflation. US Federal Reserve raised rates by 425bps to 4.5% (historically highest pace of rate hikes), ECB by 250bps to 2.5% and RBI by 225bps to 6.25% (Subsequently, raised to 6.5% in Feb 2023). Meanwhile, central banks also absorbed liquidity through quantitative tightening (not buying government and corporate bonds from the markets).

While central banks took whatever it took to curb inflation, government support programmes continued (though the quantum has decreased). Also, Russia- Ukraine war and China's zero covid policy added pressure to the global supply chains, keeping the inflation elevated.

Some of economic parameters that are closely watched and determine the health of economy, recently have been sending mixed signals. The economic indicators can be broadly divided in lagging vs leading indicators. The lagging indicators such as employment data, wage growth, inflation slowdown is showing positive trends. The leading indicators such as US 10 year-2-year spreads (inverted since Aug'22), US mortgage index, global PMIs, retail sales and consumer confidence show a slowdown. Therefore, In a rising interest rate coupled with a flat yield curve, low duration category which strives to balance between liquidity and duration may serve well for investors.

What can be the key drivers for Mirae Asset Savings Fund in 2023?

Currently, there appears to be low certainty over the interest rate cycle. In anticipation of global recession, the yield curve has flattened over the medium to long period. The long end and the short end of the yield curve indicate near similar yields. Low duration category may become attractive without taking additional duration calls. Also participating in credit cycle during credit uptake may be helpful. The key remains in maintaining the credit quality which is key criteria in our debt fund management. Thus, the fund strives to offer median category stability, manage volatility with a quality portfolio.



What are the key investment ideas for the low duration category which are on your watchlist and why?

Low duration category is flexible and can align to the market developments. In times of high inflation, the fund added Floating Rate Bonds (FRBs) which may be drawn down once inflation moderates.

As per the current market trends, credit uptake is strong & interest rates cycles remain flat, indicating there may be low certainty for the near future. The key idea could be to accumulate accrual strategy in the portfolio, be watchful of duration calls, and keep a tab on central banks commentary on interest rates & inflation.

What has been the investment approach & fund positioning of Mirae Asset Savings Fund?

Liquidity and risk management remains the primary focus, therefore the fund strives to take a balanced view between liquidity and duration strategies. The fund spreads across the categories with major allocation towards money market instruments. The fund tactically allocates depending on the state of the economy evaluating investment opportunities (corporate spreads v/s interest rate opportunities). Aligning with the interest rate outlook, in a positive interest rate scenario, the fund duration may be taken up to 12 months, whereas in neutral/negative interest rate scenario, it may be maintained at ~6 months.



What should a low duration fund investor look out for in 2023?

As explained above in a situation where yield curve is flattened and economic indicators are giving mixed signals, low duration category aims to balance liquidity and duration and therefore may fits well for an investor. In rising interest rate scenario, short term rates get impacted from adverse market movement & vice versa in reverse conditions. Now that central banks appear to approach peak rate hike cycle, short term rates should benefit on account of the interest rate reversal. Thus, within the one year & below duration debt fund categories, low duration may be gain from the market movement as well as the accrual segment with the aim to provide an appropriate investment experience.

Data Source: ACE MF, Internal, Portfolio details as on 31-Jan-2023.

RBI – Reserve Bank of India / ECB – European Central Bank / US Fed – United States Federal Reserve / PMI – Purchasing Managers Index/ bps – basis points/ FRBs – Floating Rate Bonds

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. 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.

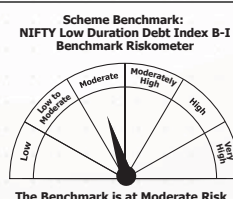
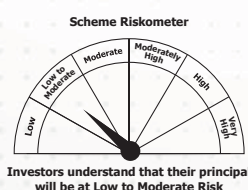
The information contained in this document is compiled from third party and publicly available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The 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 Savings Fund is suitable for investors who are seeking*

- An open ended low duration debt scheme
- Investment in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 - 12 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)			
Moderate (Class II)		B-II	
Relatively High (Class III)			

Follow us on     

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.