

## 5 QUESTIONS FOR FUND MANAGER

AIM TO GROW YOUR  
WEALTH IN SHORT TERM



## MIRAE ASSET SHORT TERM FUND

Short Duration Fund - An open-ended debt scheme. investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years (please refer to page no. 31 of the SID). A relatively high interest rate risk and moderate credit risk.

### Investment Strategy

- Primarily invest in 1–3-year debt and money market instruments with predominantly in highly rated instruments.
- Macaulay duration of the portfolio is between 1 year to 3 years.
- Follows an accrual strategy. Aims to generate better returns than traditional debt options. Will look for opportunities from credit spreads among debt & money market instruments.

Net AUM  
as on Feb 28, 2023

INR 406 Crores

Benchmark

CRISIL Short Duration Fund B-II Index

Scheme Inception date

16<sup>th</sup> Mar 2018



#### Fund Manager - BASANT BAFNA

(Since 12<sup>th</sup>-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.



#### Fund Manager - AMIT MODANI

(Since 6<sup>th</sup> July 2021)

Mr. Amit Modani has over 10 years of professional experience with primary responsibility being portfolio management. Prior to this assignment, he was associated with BOI AXA Investment Managers Pvt Ltd as Fund Manager and with Quantum Asset Managers Pvt Ltd and Pramerica Asset Managers Pvt Ltd as Dealer - Fixed Income.

### What are your views on the current debt markets in 2023?

- Debt markets may witness intermittent volatility during the year given global factors and uncertainties. Markets have generally realigned with guidance from global central banks. While some global central banks have initiated a pause on their hiking cycle (namely Bank of China, Bank of Korea) and some being closer to pausing (Reserve Bank of Australia), the US Federal Reserve remains committed to ongoing interest rate increases. Commentary from the US Fed has been hawkish with concerns around persistence of core services inflation excluding housing and labour markets supported by higher-than-expected non-farm payrolls data for Jan-23. Recent remarks by the US Fed Chairman to U.S. House of Representatives has moved the needle towards possibility of 50bps hike in the forthcoming US Fed policy meeting.

- Domestically, the yield curve has continued to flatten with the 1y-10y G-Sec yield curve witnessing inversion for the first time in the current cycle. The longer end of the curve continues to show resilience with the current cycle peak still not tested. Market liquidity has continued to decline with robust credit growth rising at a faster pace vis-à-vis deposit growth. The central bank has remained vigilant in supporting markets. Going forward, policy actions are expected to remain data dependent with key focus on signs of abating core inflation. Credit spreads may widen if credit growth continues to grow at a robust pace.

### What are the key points to consider in the short-term debt category from fund management point of view?

- Short duration category may offer relative experience given that the yield curve has flattened significantly.
- Given that rates are expected to remain higher for longer, short duration fund may offer relative stability in returns.
- Risk averse investors may consider the category given the possible volatility in returns in longer duration given the background of uncertain global markets.

### What are the probable headwinds & tailwinds which may impact the short-term debt category?

#### Headwinds

- Continued global hawkishness and higher repricing of terminal rates in advanced economies.
- Tightening domestic market liquidity.
- Lagging deposit growth vs credit growth may result in widening credit spreads.
- Indian government bond (IGB) issuances calendar for the next financial year may remain supply heavy. Banking sector Statutory Liquidity Ratio (SLR) requirement remains high at ~ 30% with continued credit growth. Any pressure on IGB demand may put upward pressure on bond yields.

#### Tailwinds

- Continued support by Reserve Bank of India (RBI) on market liquidity.
- Active intervention by RBI by G-Sec Acquisition Programme (GSAP), Open Market Operations (OMO) to support the borrowing calendar.
- Possible Global bond index inclusion.
- Possible rollback of excise duties on petroleum products and the consequent pass-through to core inflation.
- Commodity prices remaining low and the consequent easing of inflationary pressures at a faster pace.



### What is the investment approach & fund positioning of Mirae Asset Short Term Fund?

The fund follows a high quality & low risk strategy with an endeavour to generate relative returns. It aims to capture opportunities in the yield curve spreads in the short duration segment. The fund tracks corporate bonds v/s money market instruments' spreads closely while making its allocations. The current portfolio allocation consists of a mix of medium duration government securities & corporate bonds along with money market instruments. The fund strategy aims to leverage active duration calls to generate risk adjusted returns keeping in mind the prevailing macro-economic environment and market opportunities. The corporate bond component largely favours higher rated instruments.

### What would be the outlook for the fund be in 2023?

The fund investments are focused on Corporate Bonds, Government Securities and Money Market instruments predominantly into 1-5 years duration bucket. The strategy would be to invest in a mix of quality papers through asset allocation given the current shape of the yield curve. The fund's focus remains on credit quality with 80-90% allocation in highly rated assets and active modified duration management in the range of 1-3 years. The fund would also opportunistically consider a tactical allocation of 15-20% into G-Secs/State Development Loans (SDL) based on absolute yield and views on yield spreads. Given the current interest rate scenario, the fund endeavours to maintain a moderate duration strategy in the range of 1.25-2.50 years.





## MIRAE ASSET SHORT TERM FUND - PORTFOLIO DETAILS AS ON END FEB 2023

Rating Profile	% Weightage	Asset allocation	% Weightage
AAA	46.13%	Corporate Bond	61.47%
SOV	23.63%	Government Bond	16.94%
AA+	15.34%	Certificate of Deposit	6.98%
A1+	9.30%	State Government Bond	6.69%
Cash & Other Receivables	5.59%	Commercial Paper	2.32%
		Cash & Other Receivables	5.59%
<b>Total</b>	<b>100.00%</b>	<b>Total</b>	<b>100.00%</b>

For detailed portfolio please visit the website of the AMC: [www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

Data Source: Internal, Bloomberg data, Portfolio details as on 28-Feb-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.

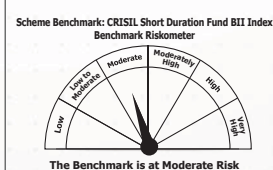
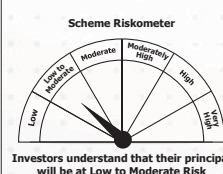
The information contained in this document is compiled from third party and publicly available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The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

- Optimal returns over short term
- Investment in an actively managed diversified portfolio of debt and money market instruments including REITs & InvITs

\*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)			
Relatively High (Class III)		B-III	

(A scheme with relatively high interest rate risk and moderate credit risk)

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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.**