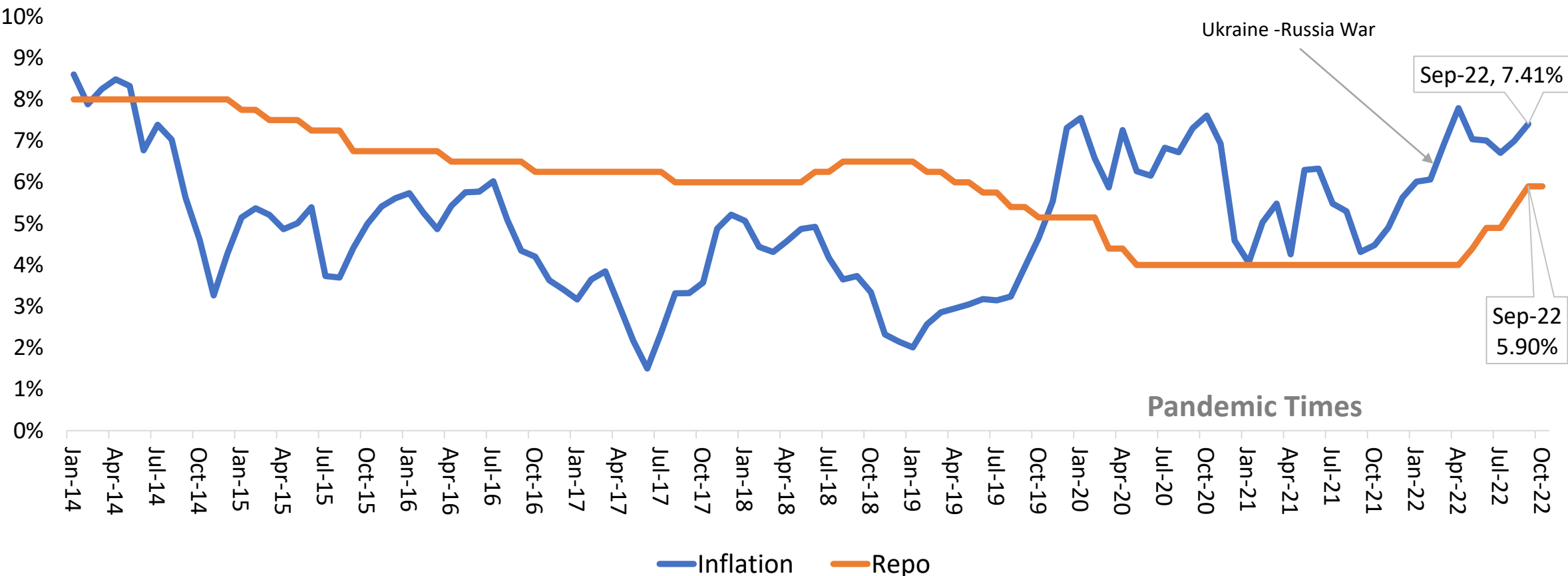


MIRAE ASSET SAVINGS FUND

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

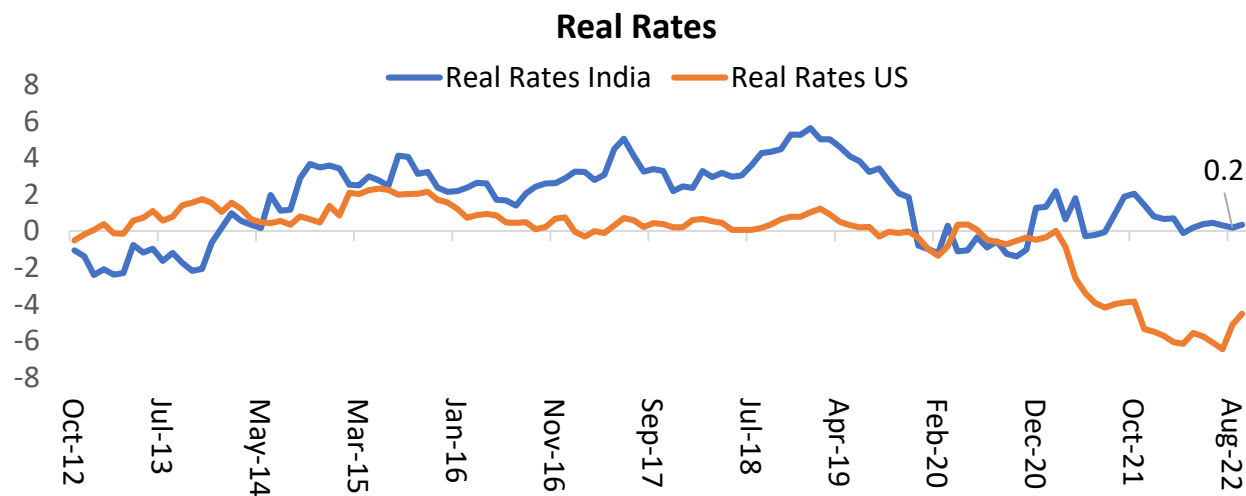
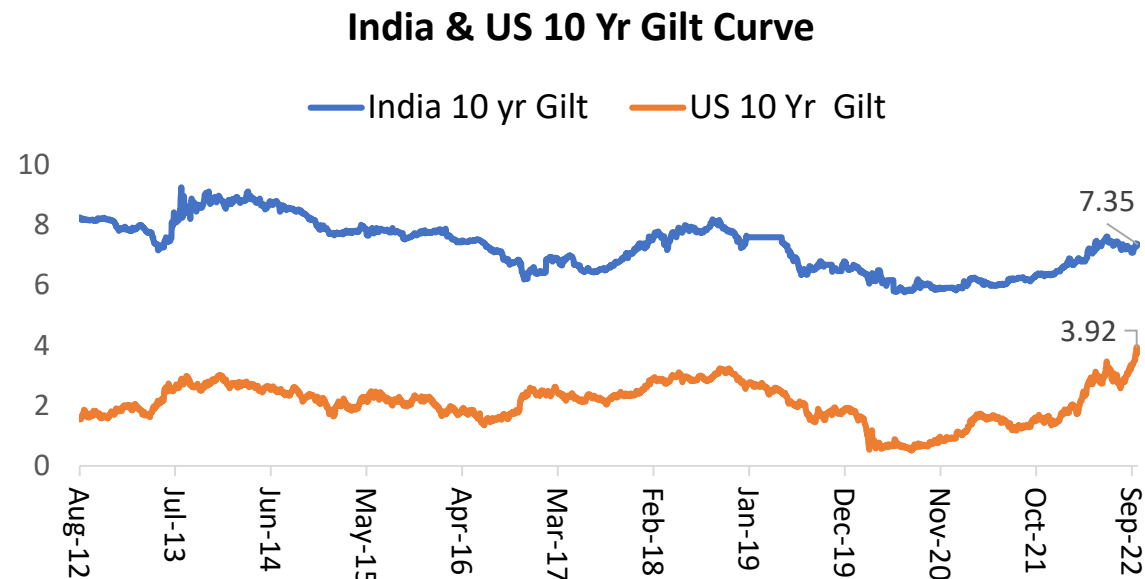
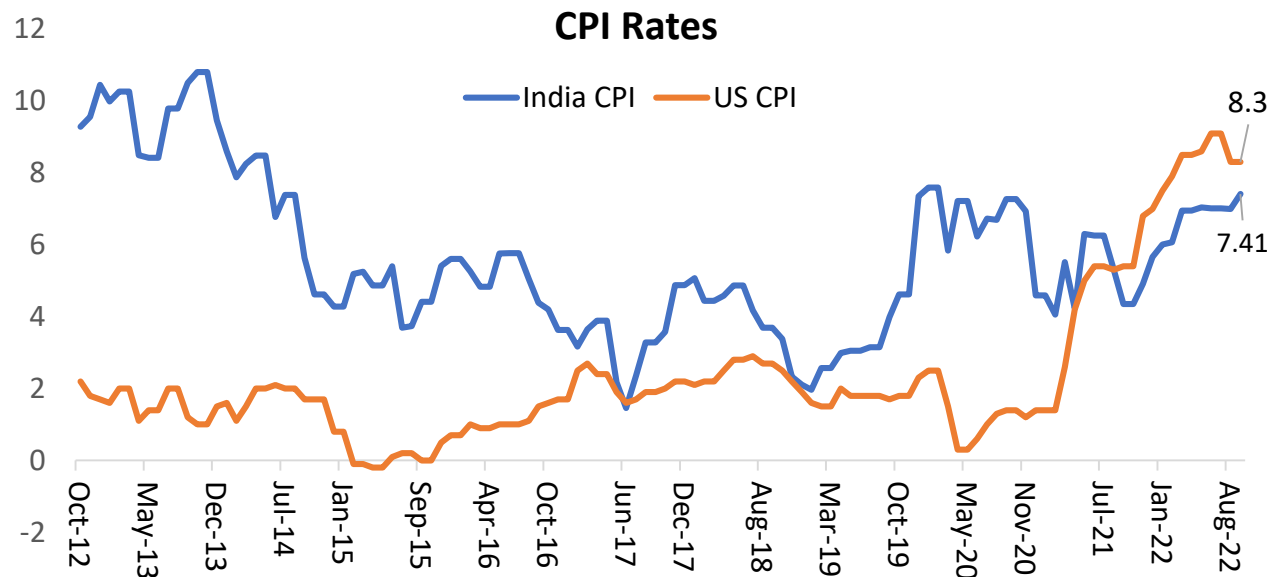
October 2022

Inflation Remains Sticky



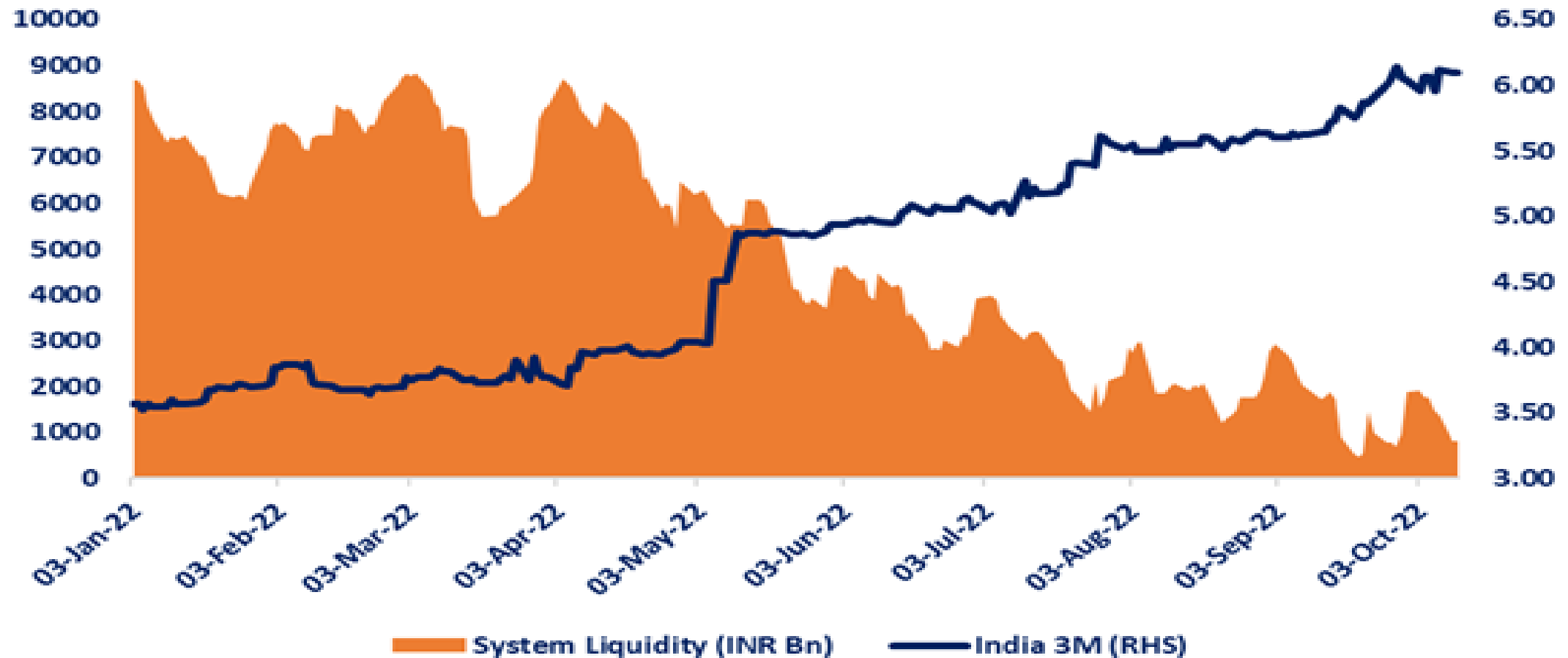
Inflation likely to remain above RBI comfort levels for next few quarters.

Why global financial market volatility concerns RBI



- US Inflation is now even trending higher than India's
- Negative Real Rates implies US may have to travel further distance to temper their inflationary pressure
- The consequent upward interest rate potential in US may weigh down fund flows and assets globally.

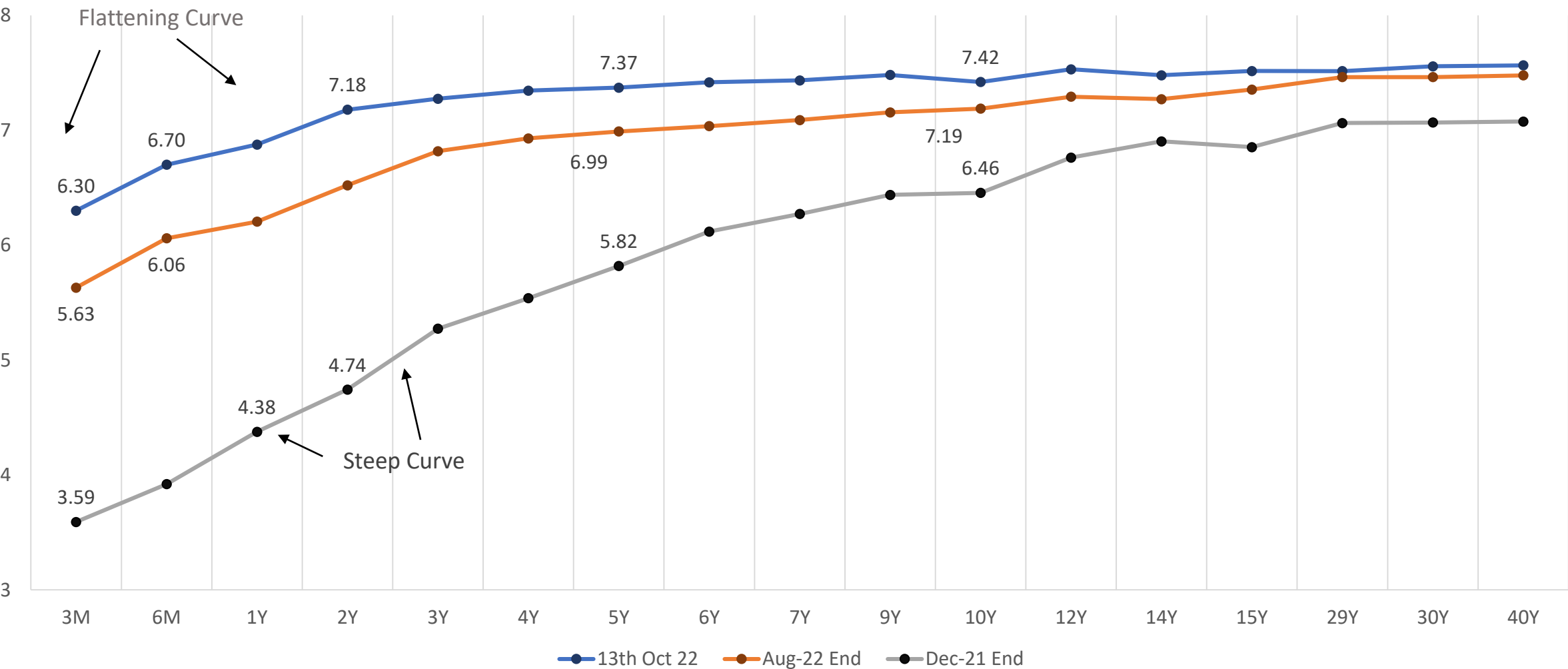
RBI is withdrawing Systemic Liquidity to Tackle Inflationary Pressure



Shorter end saw yields moving up with system liquidity going down.

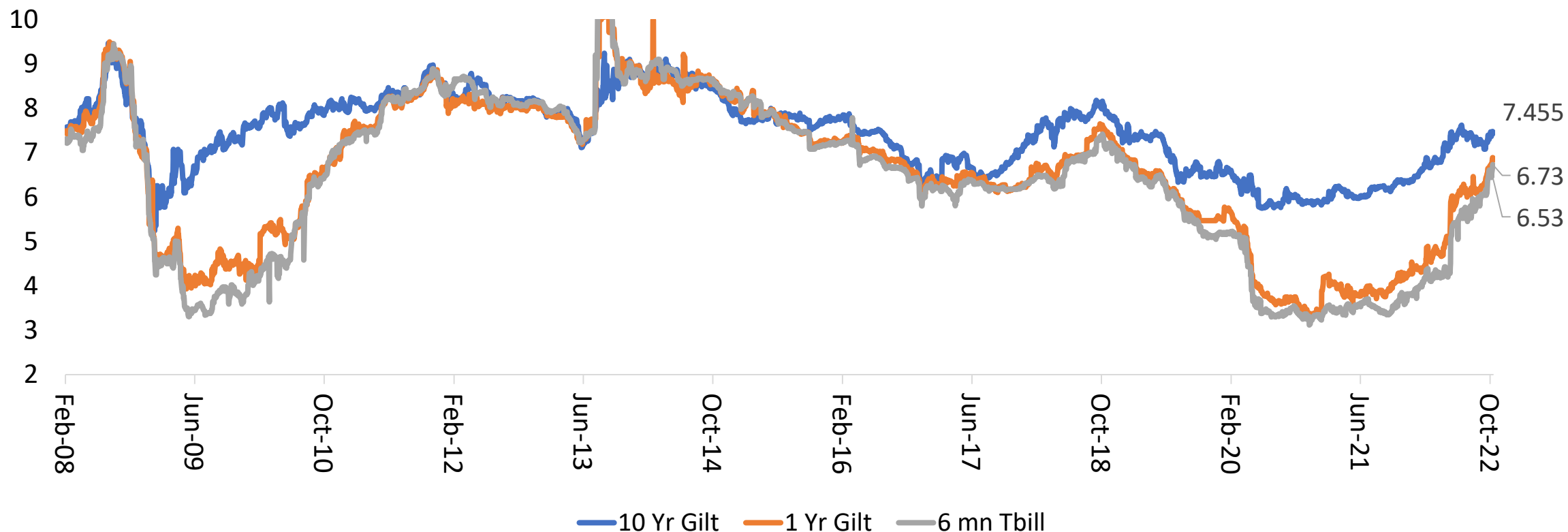
This liquidity withdrawal was supported by pickup in bank credit growth and RBI operations

Rising Rates & Liquidity Withdrawal is Flattening the Curve



Source: RBI, Bloomberg, Data as on 14th Oct 2022

Gilt Yields on 10 Yr, 1 Yr, 6 month maturities have begun to converge after a long time



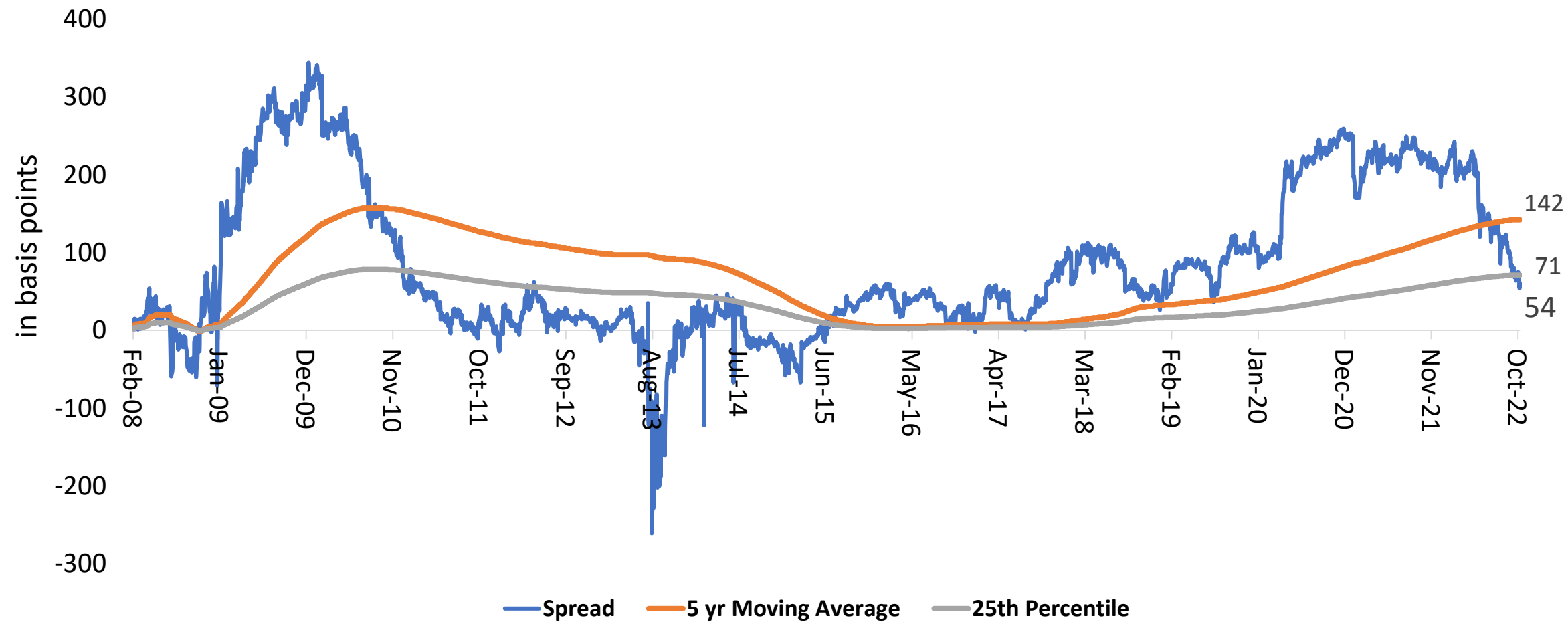
Long term maturities such as 10 year usually have higher yields than short term maturities (1 yr, 6 mn). This is because forgoing money for longer time requires higher premium (spread) as a compensatory reward.

Thus when this yield premium between low maturities and long maturities is narrow it implies a combination of the following:

- There's lower appetite for long term yields (due to rising interest rates)
- The cash in the system has become expensive (due to rising rates / liquidity pullout)

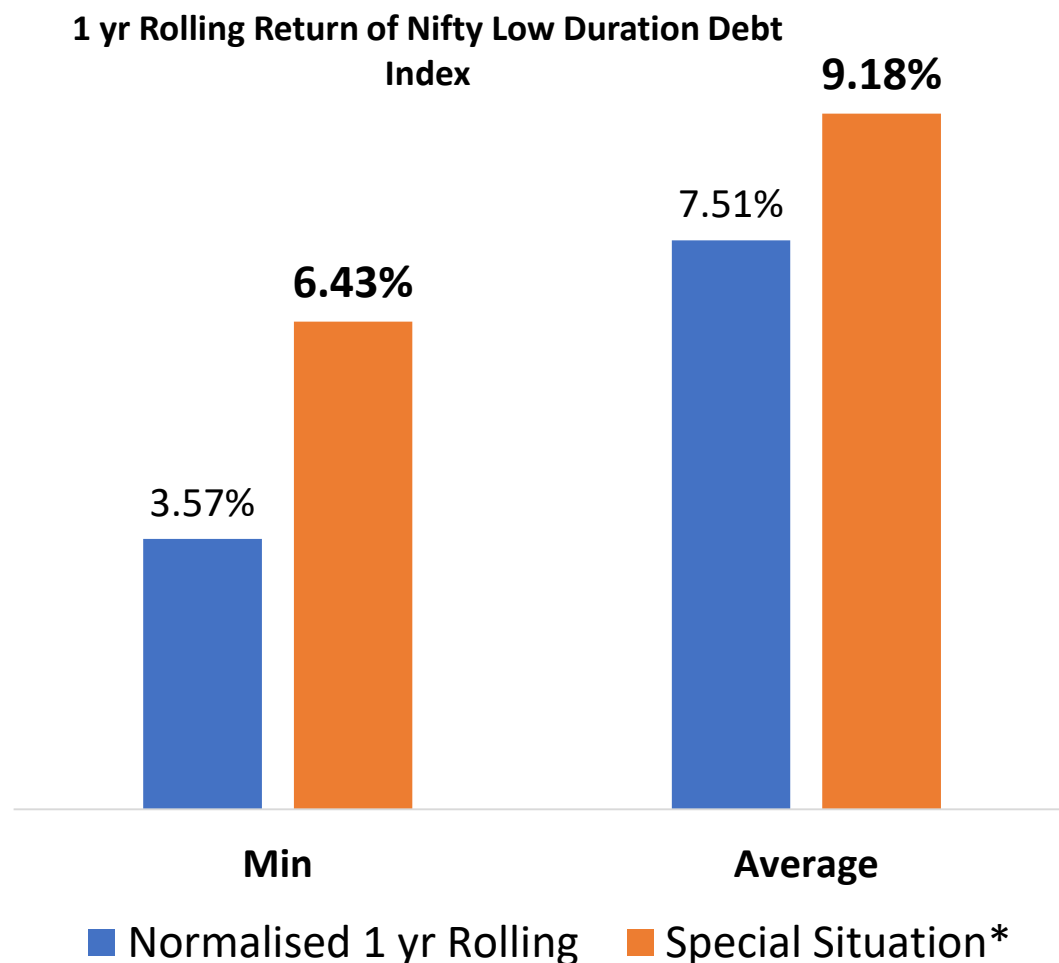
The same is being witnessed in the present market scenario

10yr - 1yr Gilt Yield Spreads Trading Below the 25th Percentile



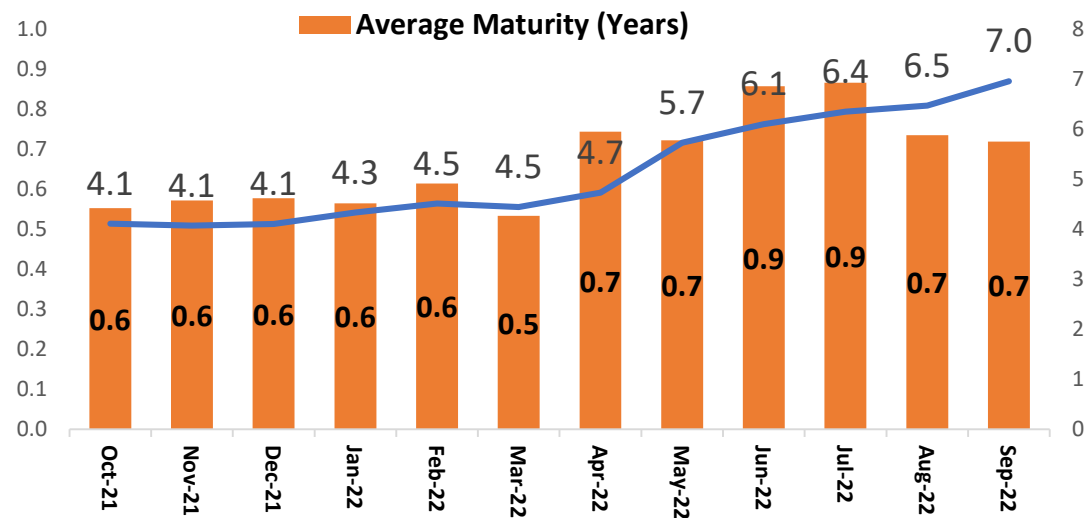
Source: Bloomberg. 1 Yr daily rolling return since Jan-2013 – Oct 2022.

Opportunity in the Low Duration Debt Segment

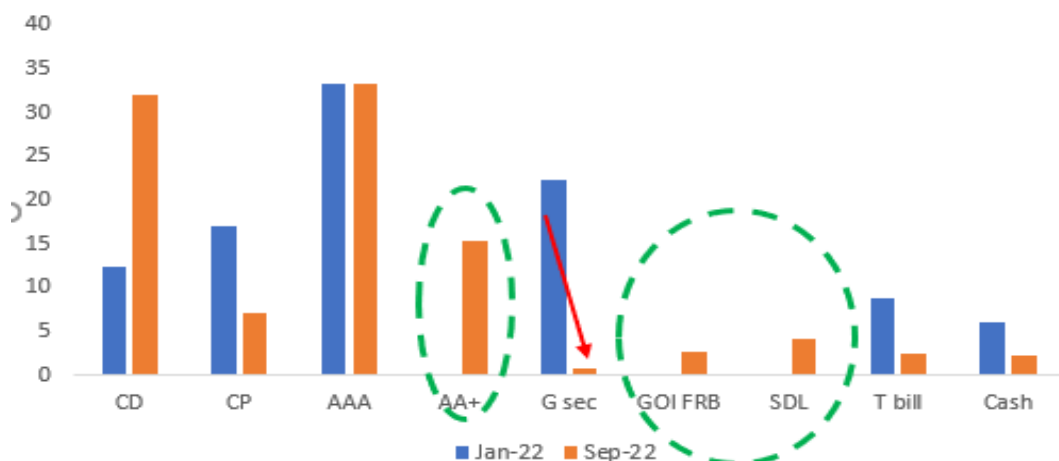


- The historical spread (10-1 Yr gilt) over last 5 years has been around 141 bps. However there have been times when the spread narrows down significantly.
- At such times, when the spreads have narrowed down significantly, the 1 Yr historical performance of Nifty Low Duration Debt Fund tends to be attractive.
- For example, on an average the Low duration segment provides approximately 7.5% YoY return over long term.
- In comparison, an investment made when the spread level is at 25th percentile, the average performance is averagely around 9.18%
- The minimum performance threshold at such times tends to be equally attractive.

Mirae Asset Savings Fund - Portfolio Strategy



Transition in Low Duration Portfolio



- 1) As the situation changed, the composition of Mirae Asset Savings Fund portfolio has also changed over the period of time

We have introduced three more segments to our low duration portfolio

- i) **SDL (State Development Loans)** - Last year the issuance has been lower than budgeted estimated, current year state borrowing shows similar trend backed by strong revenue collection and lower spending. Making a case for possible drop in yields. Moreover SDLs offer attractive spread to Gsec compared to AAA and is indirectly sovereign backed.
- ii) **GOI FRB (Government Floating Rate Bonds)** - With inflation taking centre stage and Central government decision to not issue FRB in H2FY23. This become a lucrative investment with restricted supply and benefit of coupon reset every 6 months to match the high inflation rate.
- iii) **AA+** - With pickup in credit growth and expectation of quality pickup in economic growth. This segment has now opened up which may offer some value investments.

With the available investment opportunities we have gradually decreased cash holding.

Disclaimers

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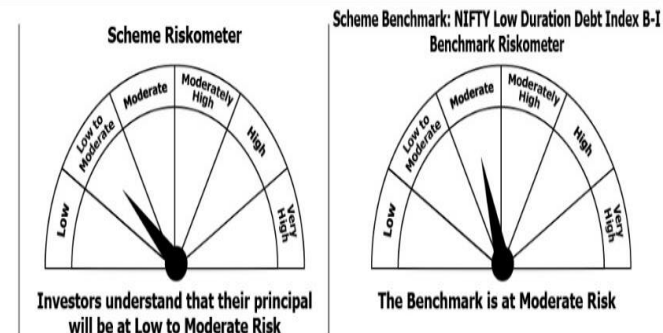
Potential Risk Class Matrix (PRC)			
Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)		B-II	
Relatively High (Class III)			

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.



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

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 before investing