



Aditya Birla Sun Life

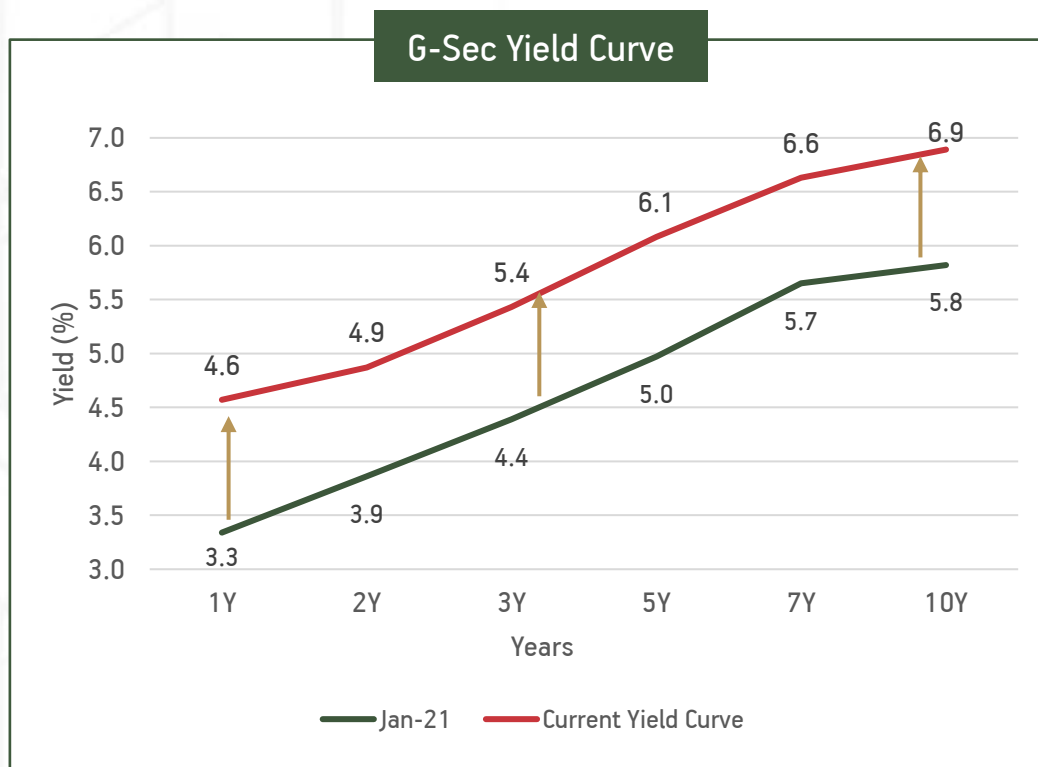
CRISIL AAA Jun 2023 Index Fund

(An open ended Target Maturity Index Fund tracking the CRISIL IBX AAA Index - June 2023. A moderate interest rate risk and relatively low credit risk)

NFO Opens: February 14, 2022 | NFO Closes: February 21, 2022

Why could Passive Debt Funds be an attractive investment in India currently?

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Mutual Fund



Current trends driving Debt Markets in India



Systemic **liquidity** position remains benign and is expected to remain surplus through CY 2022



Inflation (CPI) remains within RBI target range and is expected to ease towards 4% by late 2022-23 as per RBI guidance



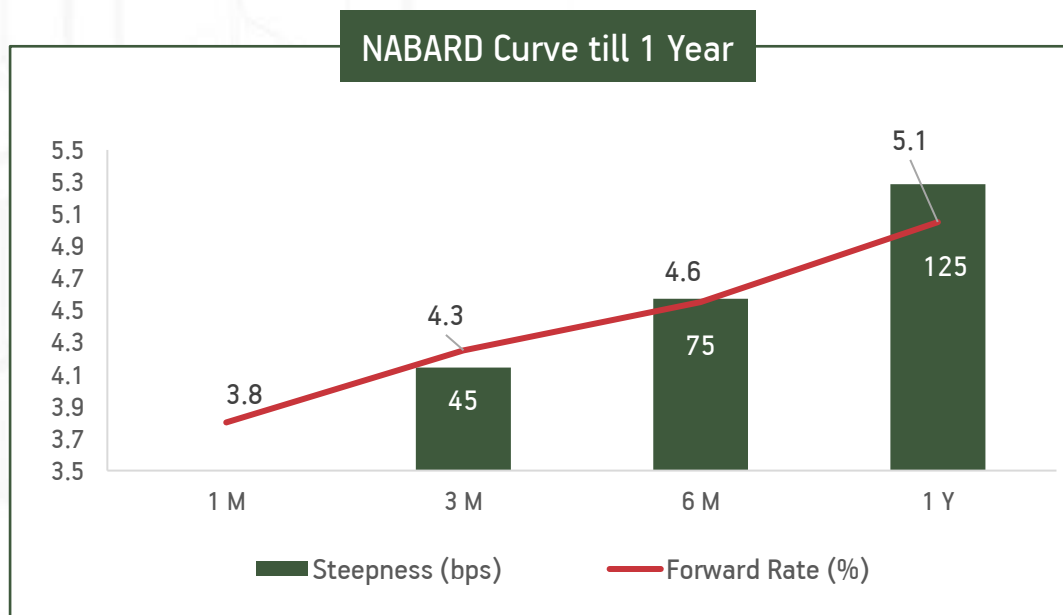
RBI's overarching priority remains growth and their commitment is to **normalize rates** in a gradual and non-disruptive manner



Combination of **excessive liquidity/low rates** and **improving growth/elevated inflation/demand-supply imbalance** has resulted in a very steep yield curve

Investors can potentially benefit from the current steepness in rates by investing in target maturity funds!

Source: India G-Sec Curve Index data from ABSLAMC Research (as on Feb 03, 2022) Trends figures as on Feb 03, 2022



Markets are penciling in a picture-perfect path for growth recovery going ahead & pricing in about **4 rate hikes** over the next 1 year as seen through funded curves.



Current large **liquidity surplus** is likely to continue through CY 22 & reverse repo will likely be the operative rate.



Despite the aggressive variable rate reverse repo (VRRR) operations by RBI, **overnight TREPS/Call** continues to print **lower than reverse repo rates**.

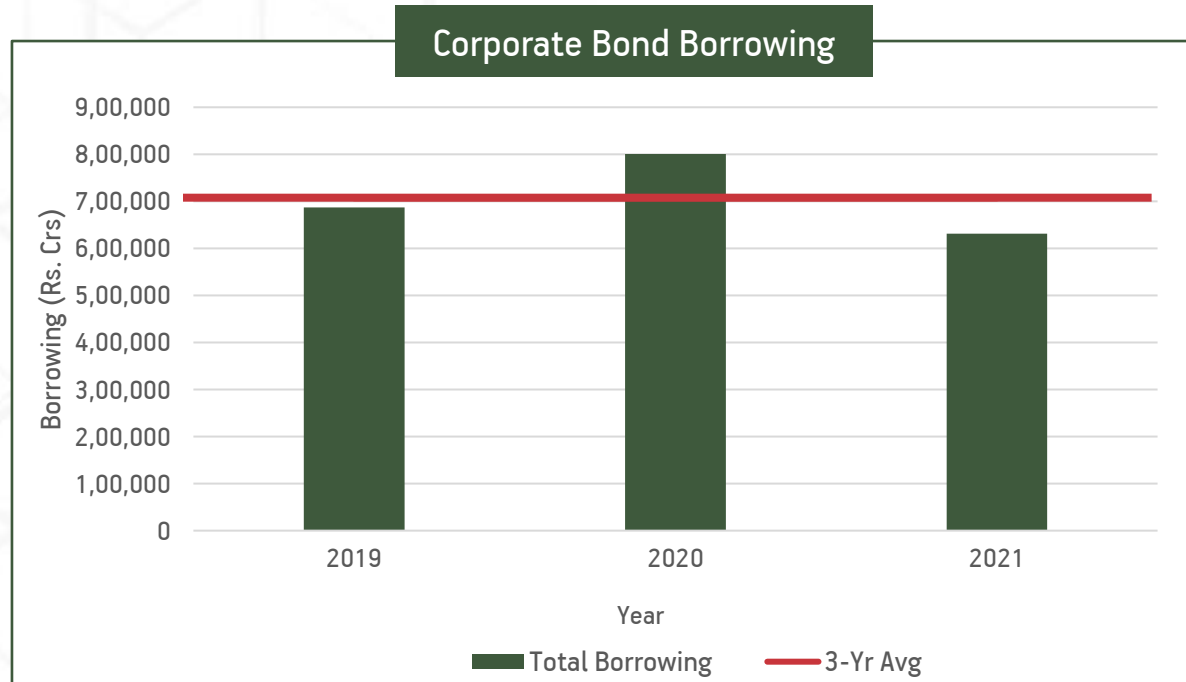






We believe that **overarching priority** for RBI remains **growth**, even though they maintain that they are also having a look at the price angle.



Steep curves would be more than **compensating** for the likely duration loss given the RBI's guidance of gradual normalisation & their expected glide path of inflation falling towards 4.5% mark by end FY23.

The Investment Opportunity in Corporate Bonds



-  AAA Corporate Bonds continue to provide yield kicker v/s G-Secs and are also liquid
-  Corporate Bond issuances in 2021 below 3-Yr average and significantly less when compared to 2020 borrowings keeping demand for corporate bonds robust
-  Investors have been sitting on cash and cash alike instruments on back of rising yields and demand for short end corporate bonds will be robust on back of reinvestment requirements as they roll-down
-  Lower supply for corporate bonds will continue to support spreads over G-Secs

Ways To Access This Fixed Income Opportunity

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TRADITIONAL SAVINGS

- Interest taxable on annual basis
- Lower liquidity - Penalty on withdrawals
- Predictable returns
- Low risk



BONDS*

- Interest rate risk
- Little diversification
- Operationally challenging for investors
- High minimum investment amount
- Predictable returns



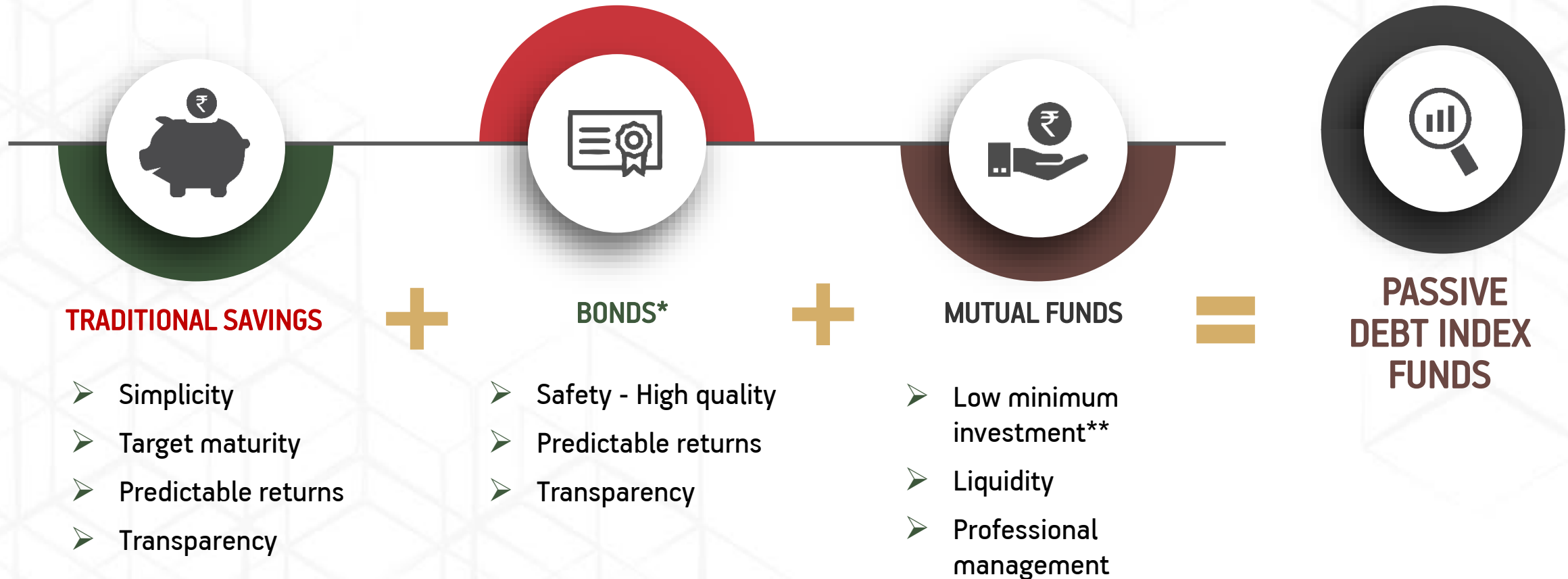
DEBT MUTUAL FUNDS

- Unpredictability of returns
- Liquidity
- Low minimum investment amount
- Transparency

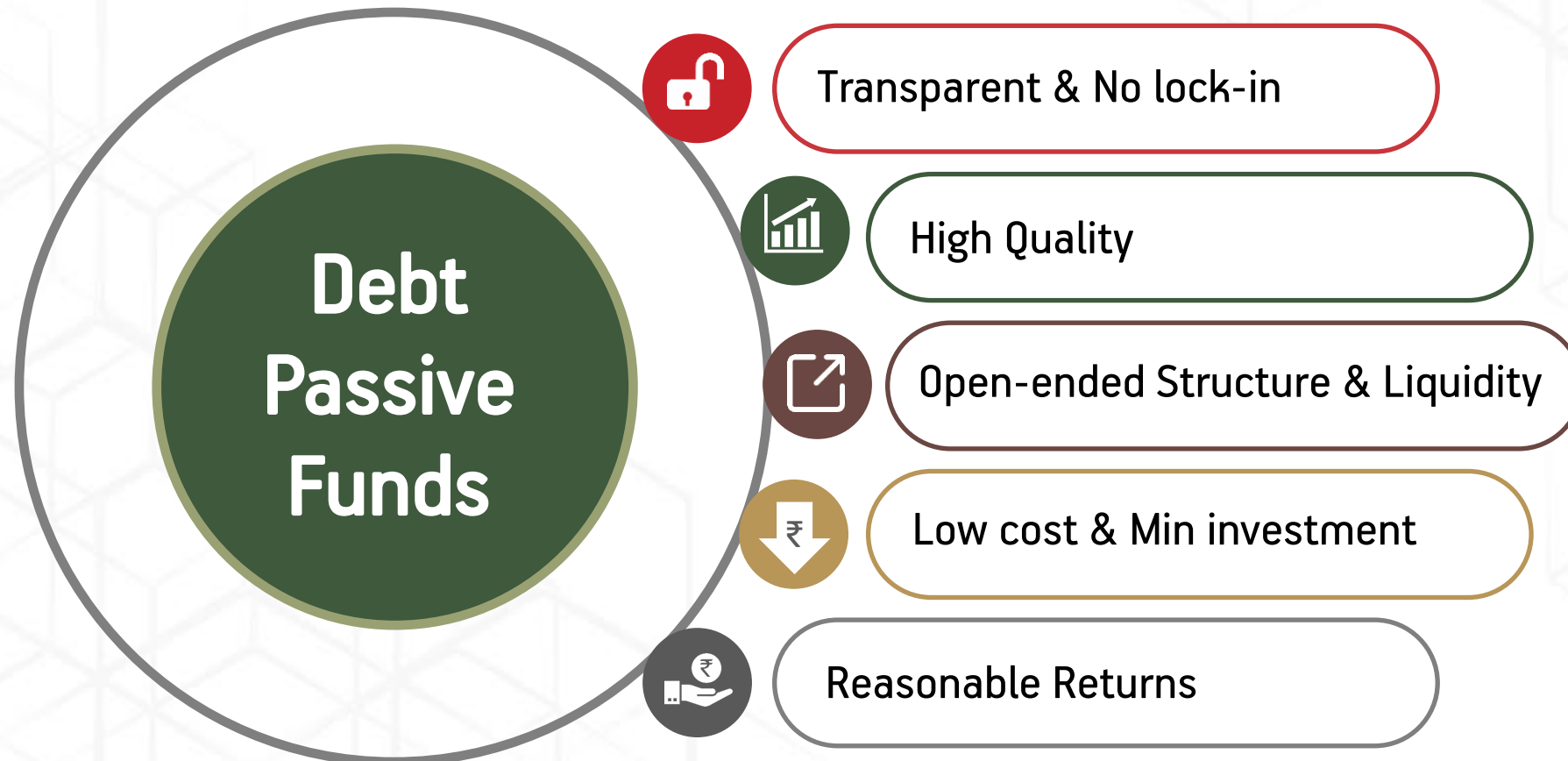
*Bonds comprise of corporate / PSU debt instruments.

A Better Solution: Passive Debt Funds

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*Bonds comprise of corporate / PSU debt instruments. **The minimum investment for this scheme is ₹500 & multiples of ₹1 thereof.



How To Make The Best Of This Investment Opportunity?

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Introducing

Aditya Birla Sun Life

CRISIL AAA Jun 2023 Index Fund

(An open ended Target Maturity Index Fund tracking the CRISIL IBX AAA Index – June 2023.
A moderate interest rate risk and relatively low credit risk)

Overview

- It seeks to track the performance of **AAA issuers** near to the maturity date of the index
- It consists of Corporate issuers with rating of AAA, with a minimum outstanding of Rs. 1,000 crores in the eligible period, having the security with the **highest liquidity***

Index Construction

- **Top 20** issuers with a minimum total amount outstanding of Rs. 1,000 crores in the eligible period will be selected on the basis of liquidity*.
- For each issuer selected, security having maturity nearest to the target date shall be selected, from securities maturing in eligible period, with minimum amount outstanding of Rs. 500 crores.
- Weights to the issuers will be **divided equally**
- Weights will be reset every quarter
- The securities will be held till maturity

[Know more about the Index**](#)








*Liquidity score will be calculated based on the volume traded (70%), number of trades (15%) and days traded (15%) in the previous quarter. Please refer to the index disclaimer

**Index parameters will be published from 8th February 2022




For detailed methodology of the Index, please refer to the Scheme Information Document.

Index Maturity: June 30, 2023

Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund

-  A new phenomenon
-  Tracks the underlying index
-  Portfolio of bonds selected on the basis of a predefined template
-  Focus on a specific tenor for investment
-  Subject to the same prudential norms as defined by SEBI

CRISIL IBX AAA Index – June 2023

-  Attention on credit curve of AAA-rated securities
-  Roll down focus* with a Target Maturity approach
-  Liquidity & safety are the key considerations while developing the strategy

*refer appendix
For detailed methodology of the Index, please refer to the Scheme Information Document.

Key Reasons To Invest In ABSL CRISIL AAA Jun 2023 Index Fund

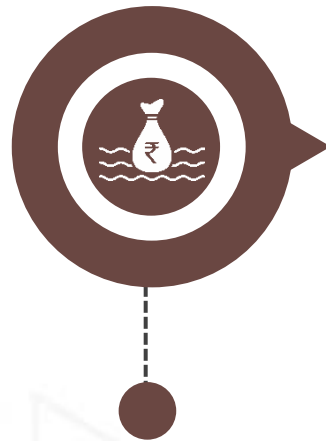
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Mutual Fund



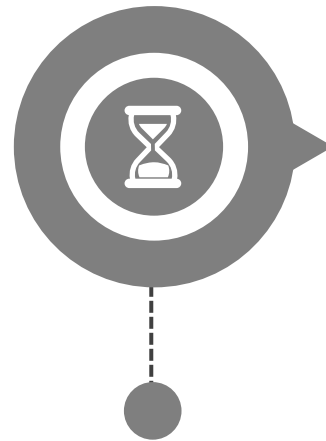
Target Maturity approach – ability to customize your investment as per your goals



Credit risk mitigated as part of design



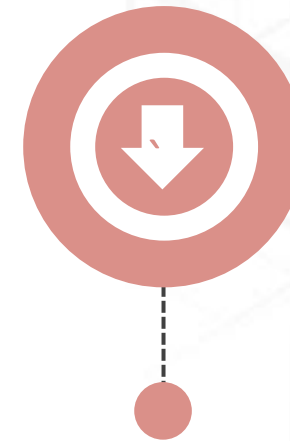
Liquidity available during the tenure of the fund



No Duration risk at time of maturity



Roll down strategy - apt in the current interest rate environment










Low minimum investment*

*The minimum investment amount is ₹500 and in multiples of ₹1 thereafter

Debt Index Compared With Other Debt Options With Target Maturity Approach

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Mutual Fund

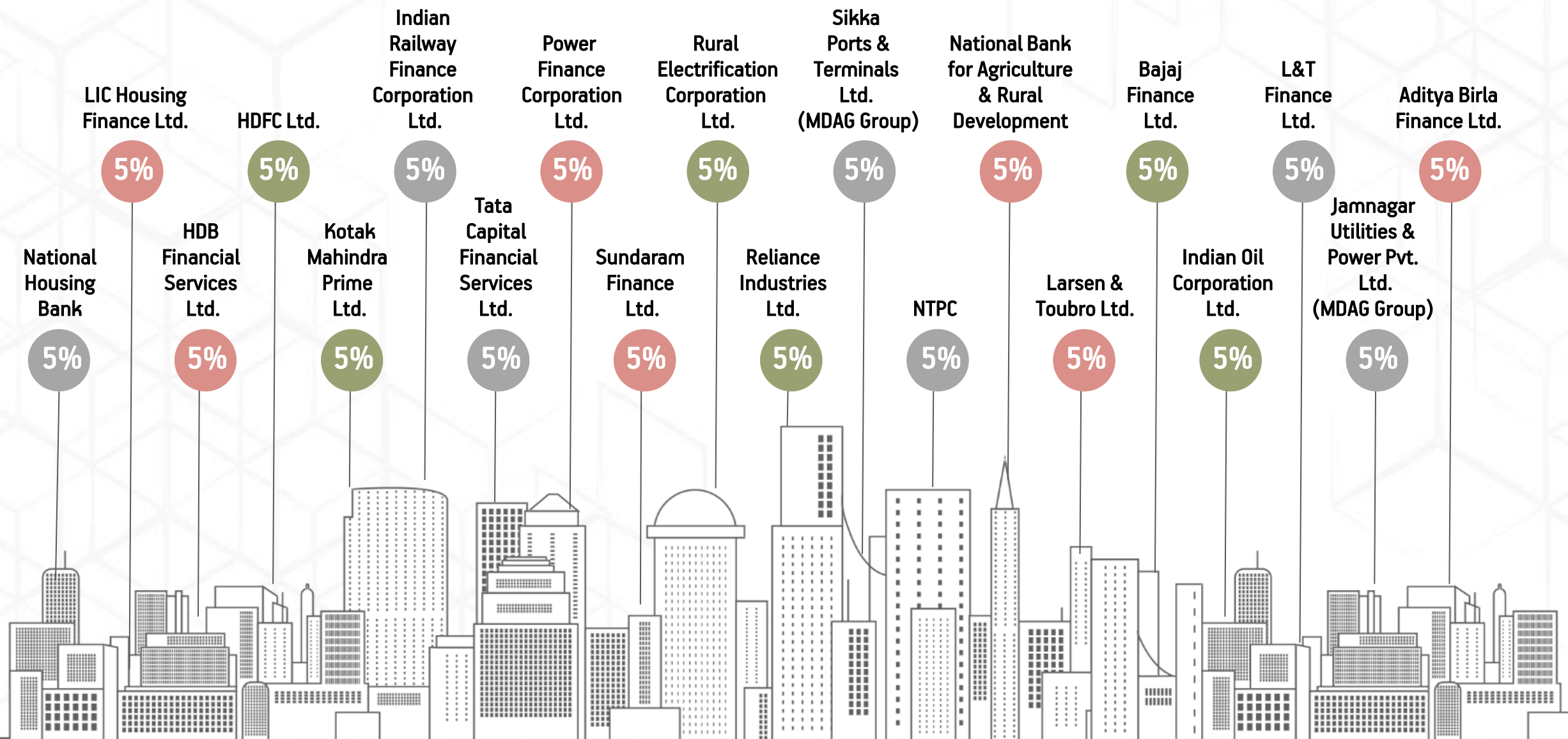


Basis	Closed-ended FMP	Index Funds
 Fund Management	Generally, buy & hold with activism enabled for event risk	Passively managed
 Regulatory focus	Compliance with MF portfolio norms	Compliance with MF norms, subject to tracking errors*
 Portfolio Construction	MF limits apply dependent on fund manager view	MF limits apply as per design provided by index provider
 Liquidity	Lock-in funds with entry & exit possible at NFO & redemption respectively	Available through AMC like MFs, subject to exit loads
 Investor Concentration	20-25 rules apply	20-25 rules apply
 Key product proposition	Intended to deliver target return over fixed period, like traditional saving instruments	Typically, indented to deliver accrual portfolio return over period along with market-based liquidity Investors can benefit from interim MTM (Mark to Market) movements also during the fund tenure
 Operational Ease	MF like onboarding & KYC	MF like onboarding & KYC

* Tracking error is defined as the standard deviation of active returns, measured from the benchmark. The objective of ETFs & Index Funds is to minimize the tracking errors from their respective benchmarks. The same can not be construed as base for non-compliance of the respective fund.

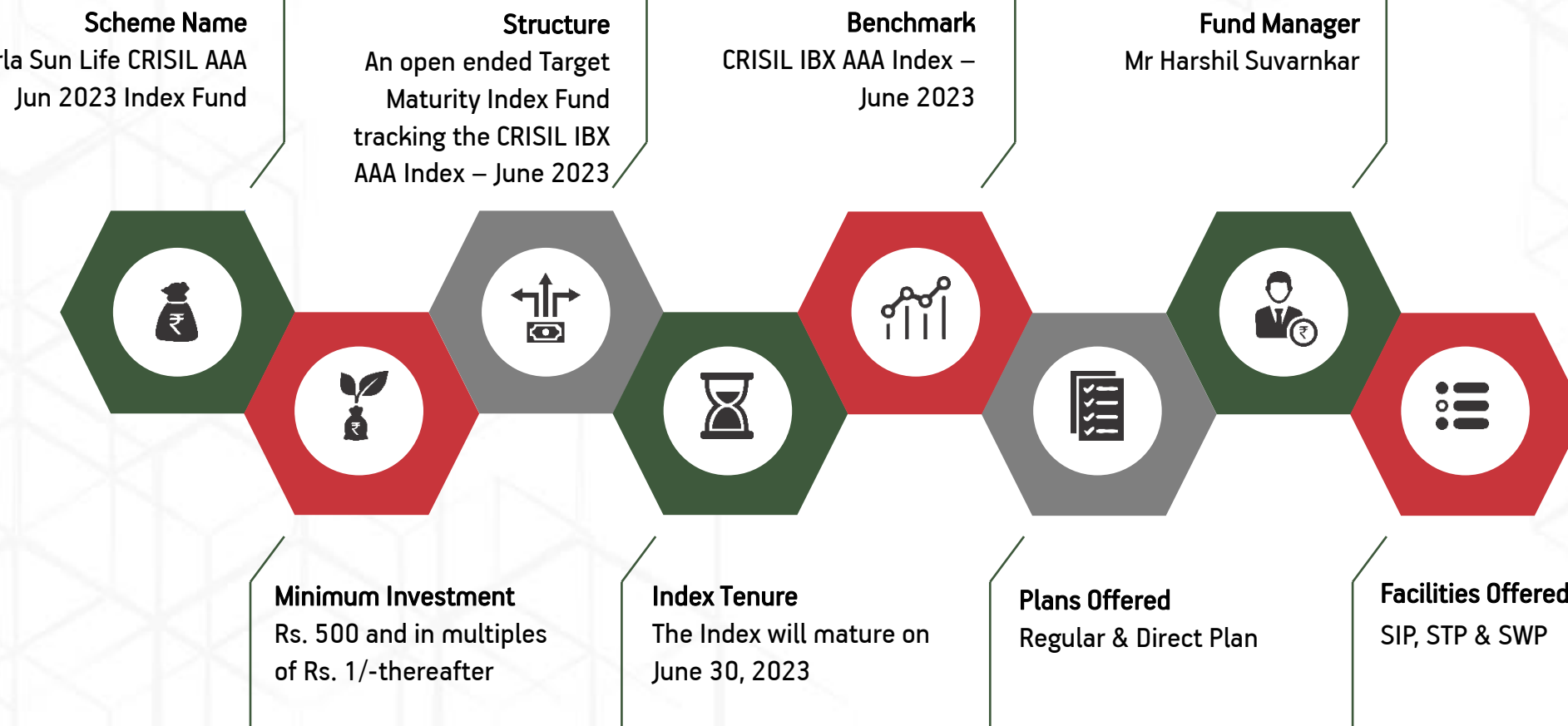
Constituents of the Index

Aditya Birla Sun Life
Mutual Fund



Source: CRISIL. Portfolio as on 02nd Feb 2022

Aditya Birla Sun Life AMC Limited



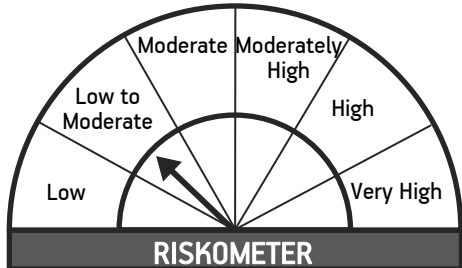
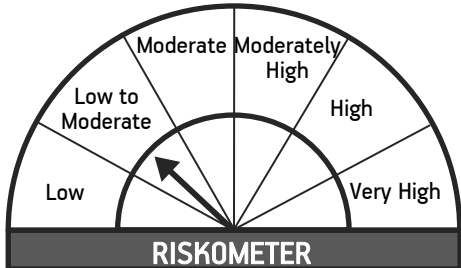
Scheme	Aditya Birla Sun Life CRISIL AAA Jun 2023 Index Fund			
Type of Scheme	An open ended Target Maturity Index Fund tracking the CRISIL IBX AAA Index – June 2023. A moderate interest rate risk and relatively low credit risk			
Investment Objective	The investment objective of the Scheme is to generate returns corresponding to the total returns of the securities as represented by the CRISIL IBX AAA Index – June 2023 before expenses, subject to tracking errors. The Scheme does not guarantee/indicate any returns. There can be no assurance that the objective of the Scheme will be achieved.			
Investment Strategy	The Scheme seeks to track the CRISIL IBX AAA Index – June 2023 subject to tracking errors. Accordingly, the Scheme will endeavor to invest in debt instruments in line with the benchmark of the scheme. For detailed investment strategy, refer the SID of the Scheme.			
Asset Allocation	Instrument		Allocation (% of total Assets)	
			Minimum	Maximum
	Debt instruments forming part of the CRISIL IBX AAA Index – June 2023		95%	100%
	Cash and Debt/Money Market Instruments		0%	5%
Plans Offered	Regular & Direct Plan			
Options Offered	IDCW* (Payout of IDCW) & Growth Options			
Facilities Offered	SIP, STP & SWP			
Minimum Application	Minimum of ₹ 500 & in multiples of ₹ 1 thereafter			
Benchmark Index	CRISIL IBX AAA Index – June 2023			
Load	Entry Load: Nil Exit Load: Nil			
Fund Manager	Mr Harshil Suvarnkar			

*Income Distribution cum Capital Withdrawal Option. For more information, please refer the SID & KIM of the scheme

ADITYA BIRLA SUN LIFE CRISIL AAA Jun 2023 Index Fund

An open ended Target Maturity Index Fund tracking the CRISIL IBX AAA Index – June 2023.

A moderate interest rate risk and relatively low credit risk

This product is suitable for investors who are seeking*:	Riskometer	Benchmark Riskometer CRISIL IBX AAA Index – June 2023	Potential Risk Class			
<ul style="list-style-type: none">Income over the target maturity periodOpen ended Target Maturity Index Fund that seeks to track CRISIL IBX AAA Index – June 2023	 <p>RISKOMETER Investors understand that their principal will be at Low to Moderate risk</p>	 <p>RISKOMETER Investors understand that their principal will be at Low to Moderate risk</p>	Credit Risk of Scheme ➡	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
			Interest Rate Risk of Scheme ↓			
			Relatively Low (Class I)			
			Moderate (Class II)	A-II		
			Relatively High (Class III)			
*Investors should consult their financial advisors if in doubt whether the product is suitable for them.						

The product labelling assigned during the NFO is based on internal assessment of the Scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Appendix

Constituents of the Index

Aditya Birla Sun Life
Mutual Fund

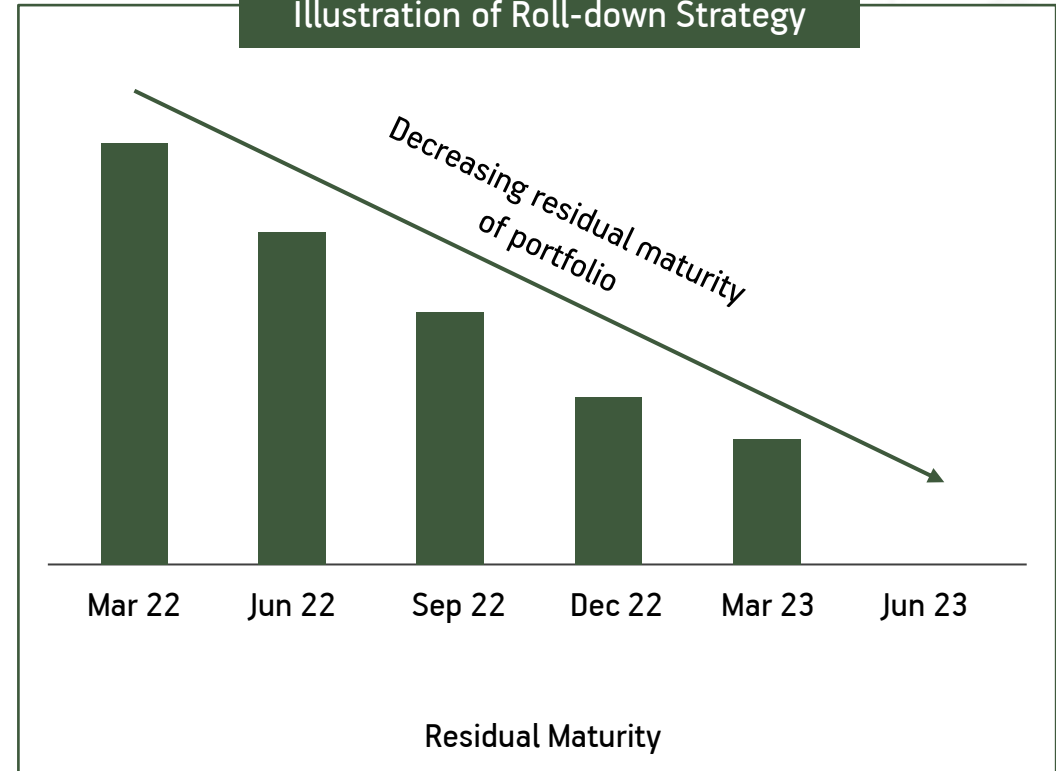


Sr. No.	Issuer	Weights
INE001A07TH2	Housing Development Finance Corporation Ltd.	5.00%
INE002A08633	Reliance Industries Ltd.	5.00%
INE261F08CD4	National Bank for Agriculture & Rural Development	5.00%
INE053F07CU1	Indian Railway Finance Corporation Ltd.	5.00%
INE134E08FT5	Power Finance Corporation Ltd.	5.00%
INE115A07NI1	LIC Housing Finance Ltd.	5.00%
INE941D07190	Sikka Ports & Terminals Ltd. (MDAG Group)	5.00%
INE020B08CN2	Rural Electrification Corporation Ltd.	5.00%
INE660A07QK5	Sundaram Finance Ltd.	5.00%
INE557F08FJ5	National Housing Bank	5.00%
INE018A08AY9	Larsen & Toubro Ltd.	5.00%
INE860H07GZ5	Aditya Birla Finance Ltd.	5.00%
INE296A07RT7	Bajaj Finance Ltd.	5.00%
INE756I07DC9	HDB Financial Services Ltd.	5.00%
INE306N07LT0	Tata Capital Financial Services Ltd.	5.00%
INE027E07BF1	L&T Finance Ltd.	5.00%
INE936D07166	Jamnagar Utilities & Power Pvt. Ltd. (MDAG Group)	5.00%
INE242A08445	Indian Oil Corporation Ltd.	5.00%
INE733E08148	NTPC	5.00%
INE916DA7QL7	Kotak Mahindra Prime Ltd.	5.00%
		100.00%

Source: CRISIL. Portfolio as on 02nd Feb 2022

- **Roll Down/Run Down strategy** is an accrual strategy that is generally used in an elevated rates environment and seeks to earn only coupons/yield at regular intervals from its underlying portfolio by buying and holding security.
- The average maturity of the scheme's portfolio, as a consequence, decreases with the passage of time. Benefit of Rolling down the yield curve:
- **Low- interest rate risk:** The strategy avoids impact from the expected increase in interest rates over time. It is useful for capturing higher present yield at any point of curve and gradually moving towards shorter end of the curve which is less susceptible to interest rate risk.

Illustration of Roll-down Strategy



Thank You

Disclaimers

Past performance may or may not be sustained in the future. For more details, please refer the SID / KIM of the scheme.

Issuer(s) / Bond(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the bond mentioned, from time to time.

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