

Aditya Birla Sun Life Nifty SDL Sep 2025 Index Fund

(An open ended Target Maturity Index Fund tracking the Nifty SDL Sep 2025 Index. A relatively moderate interest rate risk and relatively low credit risk)

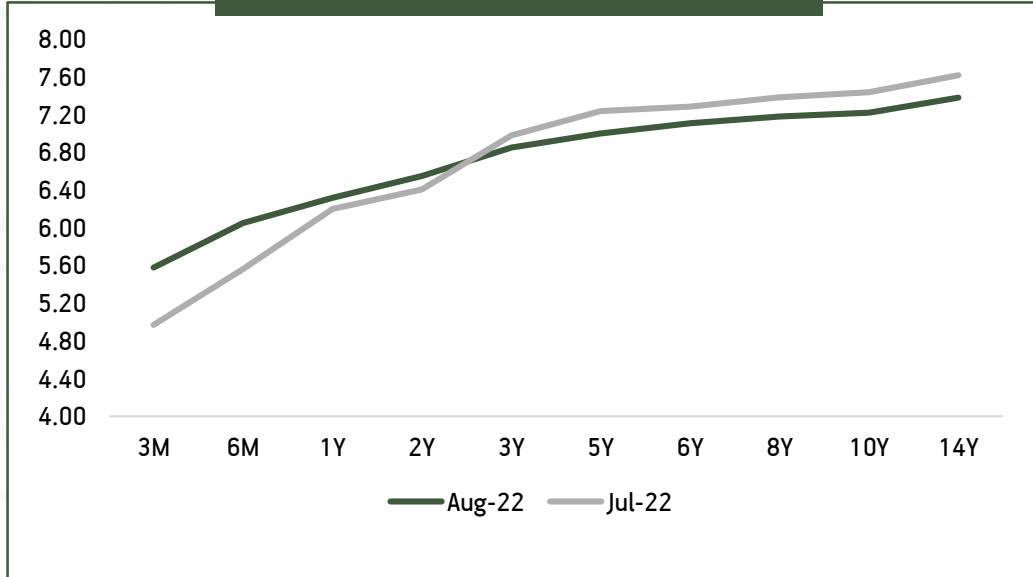
NFO Opens: September 22, 2022

NFO Closes: September 27, 2022



Map of India is used for illustrative purpose only. It is not a political map of India.

Elevated G-sec Yield Curve



	Fed Rate	Repo Rate	Manufacturing PMI	Inflation
Previous Update	1.50%-1.75% (Jun'22)	4.90% (Jun'22)	56.4 (Jul'22)	6.71% (Jul'22)
Current Update	2.25%-2.50% (Jul'22)	5.40% (Aug'22)	56.2 (Aug'22)	7.00% (Aug'22)

What drives Debt Markets in India?



External Environment: Hawkish stance by global banks across the world especially US Fed has been guiding the yield rally



RBI stance: Data dependant central bank is focusing on evolving inflation and growth numbers to take further rate decisions



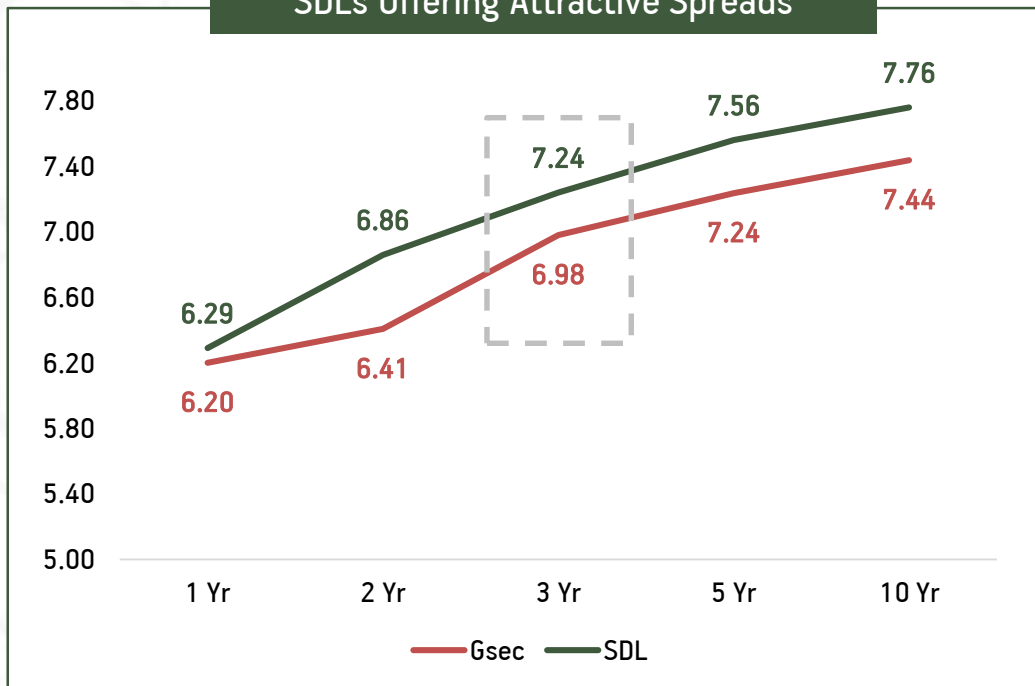
High Frequency Indicators: Strong high frequency indicators signal a growth recovery while inflation is expected to moderate further



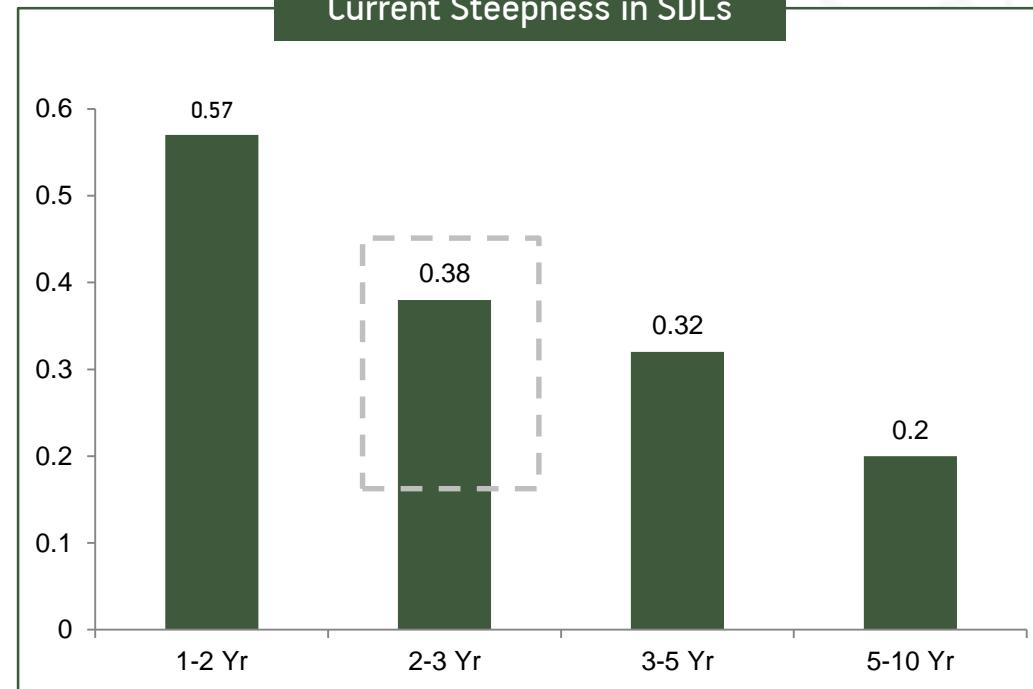
Yield curve: Yield curves continue to remain steep around the 4 yr point coupled with attractive absolute levels and offer an opportunity for investors having an investment horizon of 3 yrs

With the short term rates moving higher as compared to longer end of the curve, current yields up to 3-5 Yr period look especially attractive. Investors can potentially benefit from the current yield levels by investing in target maturity funds!

SDLs Offering Attractive Spreads



Current Steepness in SDLs



- SDLs curve looks attractive till 3-5 Year point with steepness gradually fading thereafter.
- SDLs with Sovereign rating offering attractive spreads over G-Secs, esp. for the 3 year point.
- Target maturity funds can be employed to take benefits of reasonable yields.

Source: ABSLAMC Research, as on Aug 30, 2022 / Note: Spreads as calculated using the government securities as the base.

What are SDLs?

State Development Loans (SDLs) are securities issued by State Governments to raise funds to meet budgetary requirements



Why are SDLs a safe investment option?

SDLs carry sovereign rating similar to G-Secs which are issued by (GOI) and are facilitated by RBI with a power to serve from the central govt's allocation to states



Key Features of SDLs



A market-oriented instrument for states to mobilise funds from the open market.



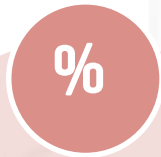
RBI facilitates the issue of SDLs in the market, and hence they are traded electronically on the RBI managed platforms.



Act as credible collateral for meeting the SLR requirements of banks & for availing liquidity under the RBI's LAF.



Doesn't have any credit risk and, in this respect, SDLs are similar to G-Secs.



Interest rate of SDLs are determined by auction & generally are slightly higher than that of G-secs of matching tenure.

Investment before Sep 30, 2022

Parameters

Investment Post Sep 30, 2022

₹ 1,00,000	Investment Amount (A)	₹ 1,00,000
7.07%	*Assumed Returns (CAGR)	7.07%
₹ 1,22,952	***Investment Value at Maturity (B)	₹ 1,22,952
₹ 1,15,763	**Indexation Cost (C)	₹ 1,00,000
₹ 7,189	Taxable Gain (B) – (C)	₹ 22,952
20%	Applicable Tax Rate	31%
₹ 1,438	Tax Amount (D)	₹ 7,115
₹ 1,21,514	Post Tax Value (B) – (D)	₹ 1,15,837
6.65%	Post Tax Return (%)	4.98%

₹ 5,677 is the additional return that you can earn per lakh if you invest before Sep 30, 2022

Disclaimer: The above calculations are only for illustration purposes. These are not to be considered as investment advice, please consult your investment / tax advisers. *These are tentative 3 year upto 5 year rates assumed for traditional saving instruments, compounded annually. *The assumed return is for illustration purpose only. It may or may not be realized. **The indexation cost is arrived at assuming inflation growth at 5% p.a. for next 3 years. Indexation is not available on traditional saving instruments. The income tax rate for investment between ₹10 lakhs to ₹50 lakhs is 30.99%, between ₹50 lakh to ₹1 crore is 33.99% & above ₹1 crore is 35.59%. Past Performance may or may not be sustained in the future, Aditya Birla Sun Life AMC Limited / Aditya Birla Sun Life Mutual Fund is not guaranteeing/offering/communicating any indicative yield/returns on investments. ***Maturity date 30th Sep 2025



TRADITIONAL SAVINGS

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



BONDS*

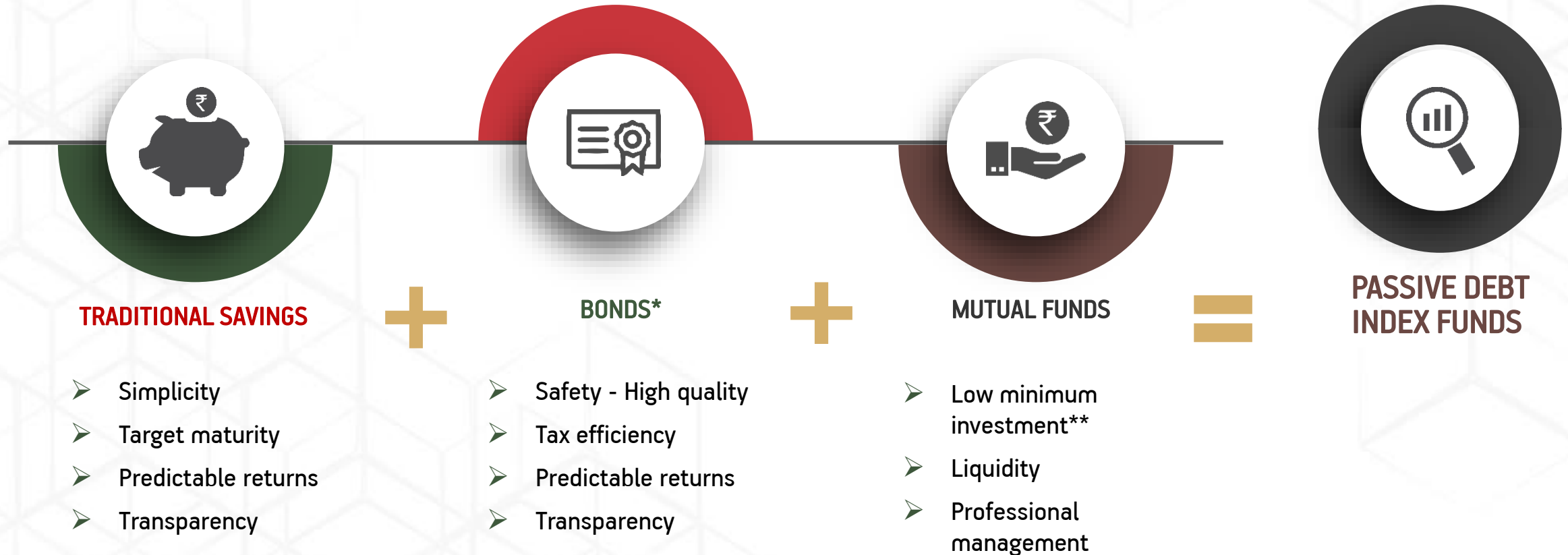
- Interest rate risk
- Little diversification
- Operationally challenging for investors
- High minimum investment amount
- Predictable returns
- Tax efficient



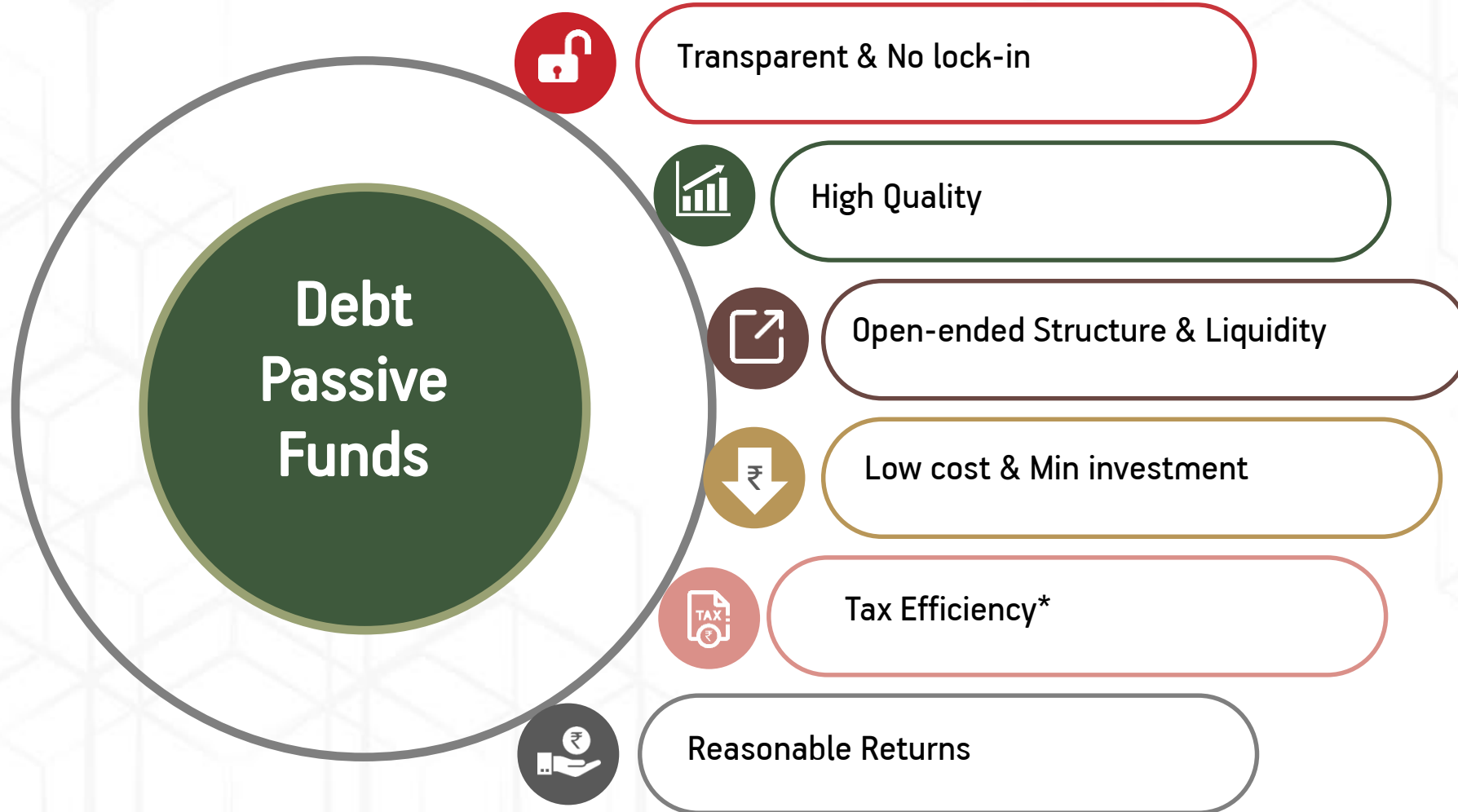
DEBT MUTUAL FUNDS

- Unpredictability of returns
- Tax efficient**
- Liquidity
- Low minimum investment amount
- Transparency

*Bonds comprise of corporate / PSU debt instruments.// **Tax efficiency if held more than 3 years



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



*Tax efficiency if held more than 3 years

Introducing

Aditya Birla Sun Life

Nifty SDL Sep 2025 Index Fund

(An open ended Target Maturity Index Fund tracking the Nifty SDL Sep 2025 Index. A relatively moderate interest rate risk and relatively low credit risk.)

Overview

- It seeks to measure the performance of portfolio of Nifty SDL Sep 2025 Index
- Computed using the total return methodology, including price & coupon return

Index Construction

- **7 states/UTs** are selected based on the highest outstanding amount as on August 10, 2022 maturing during the six month period ending September 30, 2025
- For every selected state/UT, **most recently issued SDL** maturing during the six month period ending September 30, 2025 is selected to be part of the index. These selected 7 securities will continue to remain in the index till they mature
- Each state/UT that is part of the index is given **equal weight** as on the base date of the index. Subsequently, the security level weights may drift due to price movement
- Rebalanced on a semi annual basis

Index Maturity: September 30, 2025

Aditya Birla Sun Life Nifty SDL Sep 2025 Index Fund



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

Nifty SDL Sep 2025 Index



Attention on spreads offered by SDLs over G-sec



Roll down focus* with a Target Maturity approach



Liquidity & safety are the key considerations while developing the strategy

*refer appendix

Key Reasons To Invest In ABSL Nifty SDL Sept 2025 Index Fund

Aditya Birla Sun Life
Mutual Fund



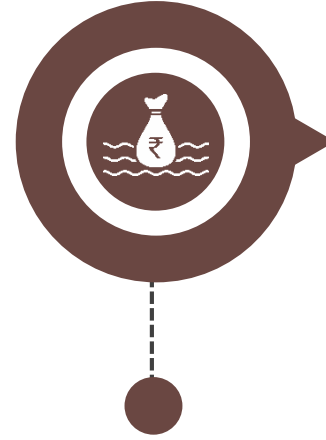
Target Maturity approach – ability to customize your investment as per your goals



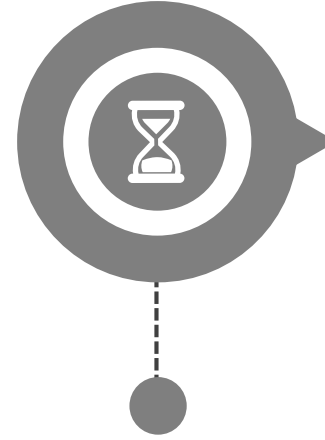
Benefit of 3-year indexation[^]



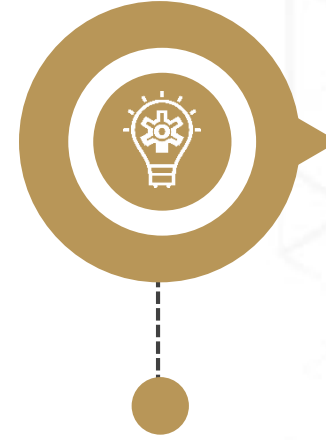
Credit risk mitigated as part of design



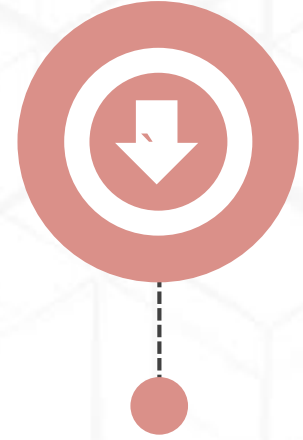
Liquidity available during the tenure of the fund



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. [^]Only if invested before Sep 30 2022.

Traditional Saving Instrument

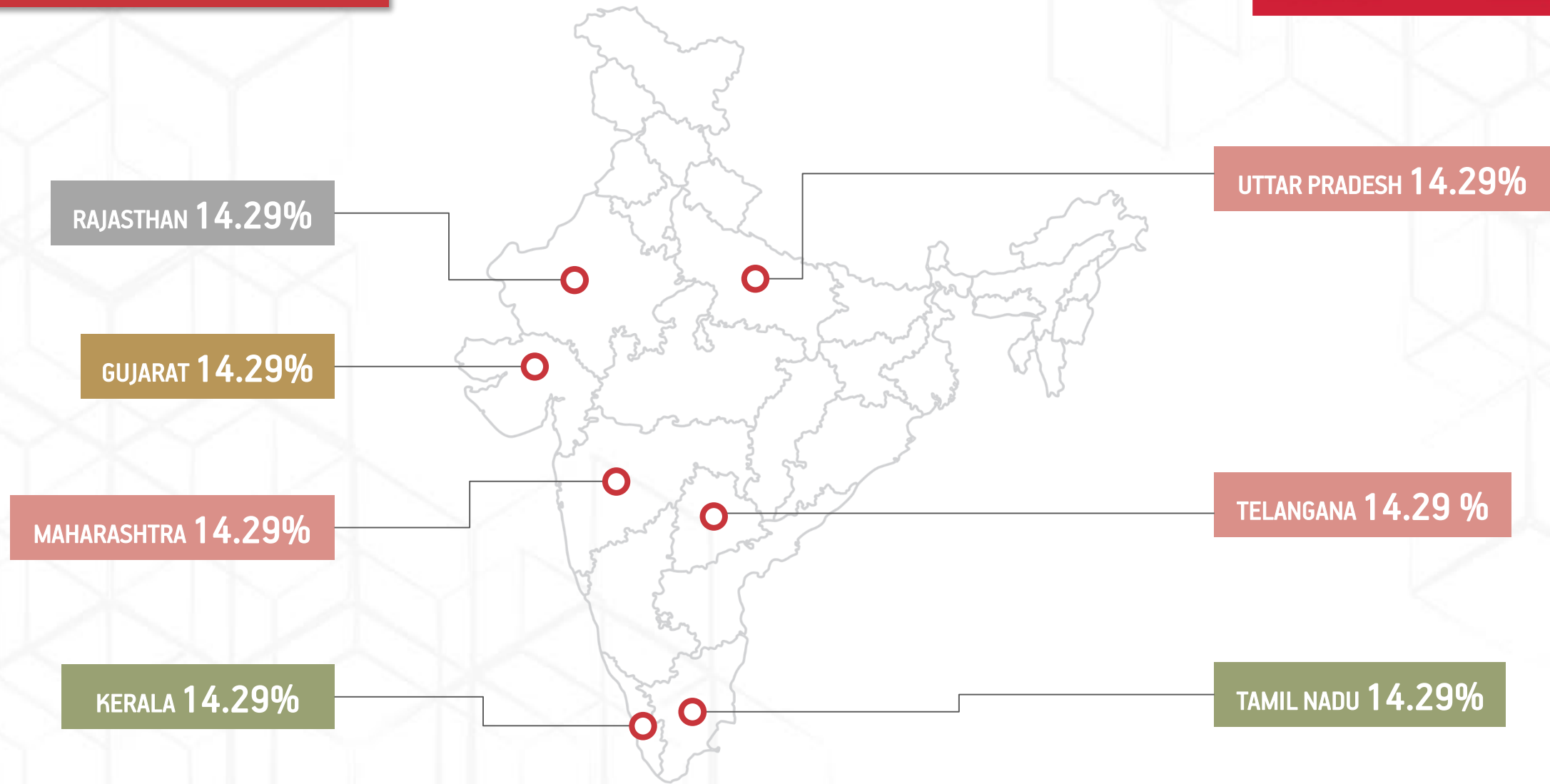
Parameters

Debt Index Fund

₹1,00,000	Investment Amount (A)	₹ 1,00,000
5.60%	*Assumed Returns (CAGR)	7.07%
₹ 1,17,917	***Investment Value at Maturity (B)	₹ 1,22,952
₹ 1,00,000	**Indexation Cost (C)	₹ 1,15,763
₹ 17,917	Taxable Gain (B) – (C)	₹ 7,189
31%	Applicable Tax Rate	20%
₹ 5,554	Tax Amount (D)	₹ 1,438
₹ 1,12,363	Post Tax Value (B) – (D)	₹ 1,21,514
3.93%	Post Tax Return (%)	6.65%

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Constituents of the Index



Disclaimer: The map shown is for illustration purpose only. This is not a political map of India
Source: NSE Indices. Portfolio as on Aug'2022

Scheme Name
Aditya Birla Sun Life Nifty SDL
Sep 2025 Index Fund

Structure
An open-ended Target
Maturity Index Fund
tracking the Nifty SDL
Sep 2025 Index

Benchmark
Nifty SDL Sep 2025 Index

Fund Manager
Mr Bhupesh Bameta &
Mr Sanjay Godambe



Minimum Investment
Rs. 500 and in multiples
of Rs. 1/-thereafter

Index Tenure
The Index will mature on
Sept 30, 2025

Plans Offered
Regular & Direct Plan

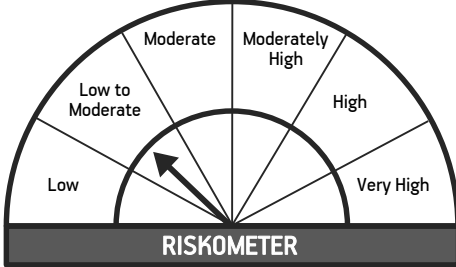
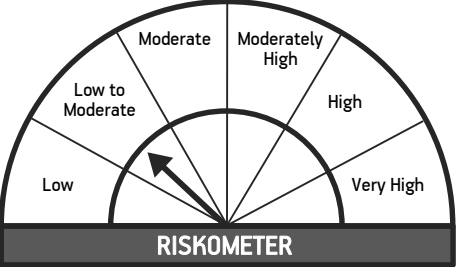
Facilities Offered
SIP, STP & SWP

Scheme	Aditya Birla Sun Life Nifty SDL Sep 2025 Index Fund		
Type of Scheme	An open ended Target Maturity Index Fund tracking the Nifty SDL Sep 2025 Index. A relatively 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 Nifty SDL Sep 2025 Index before expenses, subject to tracking errors.		
Investment Strategy	The Scheme will replicate income over the target maturity period of its underlying index i.e. Nifty SDL Sep 2025 Index, subject to tracking errors. Accordingly, the Scheme will invest in securities in line with the benchmark index of the Scheme. For detailed investment strategy, refer the SID of the scheme.		
Asset Allocation	Instrument	Risk Profile	Allocation (% of total Assets)
			Minimum Maximum
	Instruments comprising Nifty SDL Sep 2025 Index	Low to Moderate	95% 100%
	Cash & Money Market Instruments	Low	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	Nifty SDL Sept 2025 Index		
Load	Entry Load: Nil Exit Load: Nil		
Fund Manager	Mr Bhupesh Bameta & Mr Sanjay Godambe		

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

ADITYA BIRLA SUN LIFE Nifty SDL Sept 2025 Index Fund









An open ended Target Maturity Index Fund tracking the Nifty SDL Sep 2025 Index. A relatively moderate interest rate risk and relatively low credit risk.

<p>This product is suitable for investors who are seeking*:</p>	<p>Scheme Riskometer</p>	<p>Benchmark Riskometer Nifty SDL Sep 2025 Index</p>	<p>Potential Risk Class</p>			
<ul style="list-style-type: none"> Income over the target maturity period Open ended Target Maturity Index Fund that seeks to track Nifty SDL Sep 2025 Index 	 <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>	<p>Credit Risk of Scheme →</p>	<p>Relatively Low (Class A)</p>	<p>Moderate (Class B)</p>	<p>Relatively High (Class C)</p>
<p>Interest Rate Risk of Scheme ↓</p>	<p>Relatively Low (Class I)</p>	<p>Moderate (Class II)</p>	<p>Relatively High (Class III)</p>			
<p>*Investors should consult their financial advisors if in doubt whether the product is suitable for them.</p>			<p>A-II</p>			

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

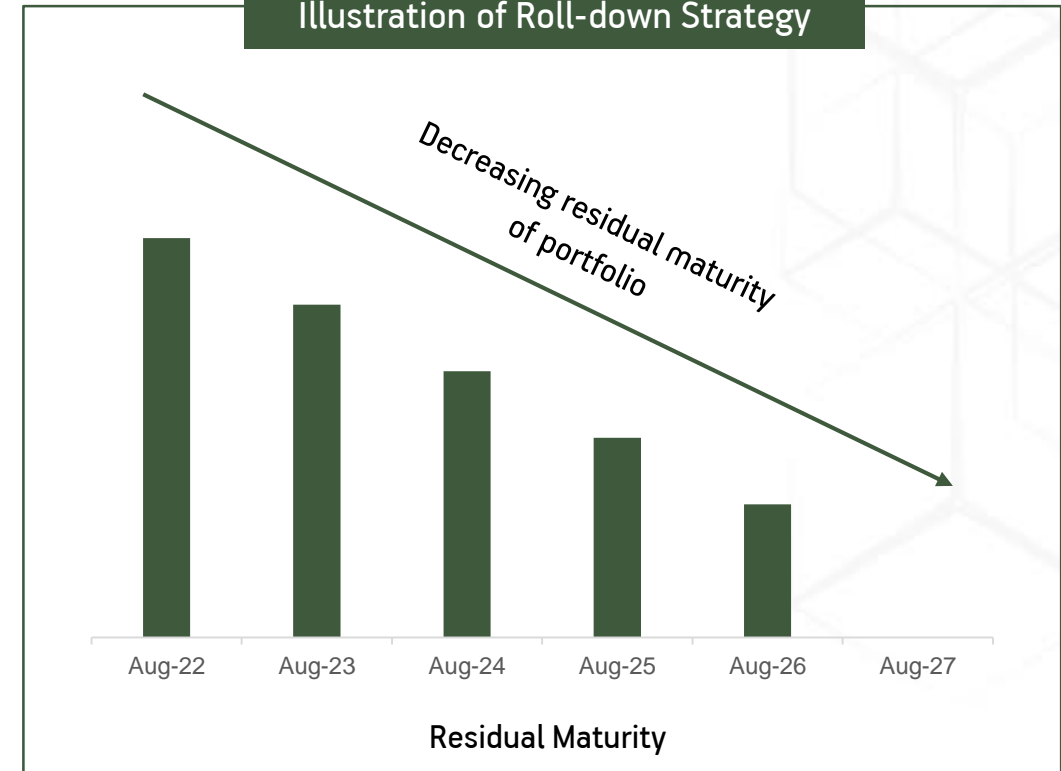
Debt Index Compared With Other Debt Options With Target Maturity Approach

Basis	Closed-ended FMP	Index Funds
 Taxation	Indexation features available for LTCG	Indexation features available for LTCG
 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.

- **Roll Down/Run Down** is an accrual approach 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 the security.
- The average maturity of the scheme's portfolio, as a consequence, decreases with the passage of time. The benefit of Rolling down the yield curve:
- **Low- interest rate risk:** The approach avoids the impact of the expected increase in interest rates over time. It is useful for capturing a higher present yield at any point of the curve and gradually moving towards the shorter end of the curve which is less susceptible to interest rate risk.

Illustration of Roll-down Strategy



Sr. No.	Issuer	YTMS	Weights
1	MAHARASHTRA GOVERNMENT	7.10%	14.29%
2	UTTAR PRADESH GOVERNMENT	7.08%	14.29%
3	KERALA GOVERNMENT	7.06%	14.29%
4	TAMIL NADU GOVERNMENT	7.10%	14.29%
5	TELENGANA GOVERNMENT	7.02%	14.29%
6	GUJARAT GOVERNMENT	7.04%	14.29%
7	RAJASTHAN GOVERNMENT	7.05%	14.29%
		7.07%	100.00%

Source: SID. Portfolio as on Aug'22

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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