



TRUSTPLUTUS
Wealth Management with a Conscience

Liquid Alternate Strategy

Take advantage of the steepness in the money market yield curve

November 2021



Product Snapshot	Minimum Ticket Size	Inception Date	Tax Rate
Bonds are directly delivered to the investor demat account	₹5 Cr	3 rd May 2019	Maximum Marginal Rate

Overview

- ✓ Seeks to leverage the structure & steepness of the money market yield curve
- ✓ Investments are into high quality & liquid bonds/CPs with less than **1 year residual maturity**
- ✓ The idea follows a roll down strategy and generates capital gain if rate drops or spread compresses
- ✓ Ideal for tenor between **3 to 12 months**

Opportunity in the short term segment

- ✓ Currently, spreads are wide and expected to compress as regulators continue to provide liquidity
- ✓ Low interest rates are likely to continue

Investment Strategy

- ✓ The portfolio strategy would involve buying 9-12 month instruments & selling after 3-6 months at the **6 months** rate, given the steepness available
- ✓ By investing in 9-12 months CP/Bonds and holding it for 3 months, investor earns **4.50%+** Roll down benefit **0.27%**
- ✓ Liquid fund returns have fallen below **3.30%**
- ✓ Even if the 6 month rate during exit rises by 25 bps, the portfolio would still generate a considerably attractive return of **4.35%**

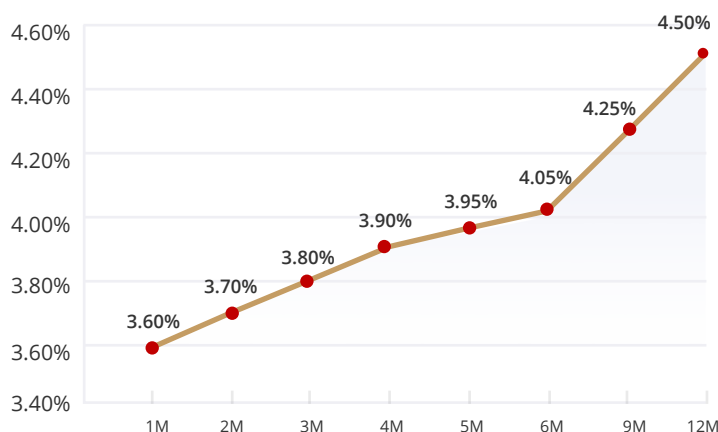
Indicative Exposures

(Not Exhaustive)

High quality & liquid money market instruments (Bonds & CPs) of various maturities below 1 year

- HDFC Group
- LIC Housing Finance
- Bajaj Group
- Tata Group
- L&T Group
- Aditya Birla Group
- Reliance Industries/Jio
- Kotak Mahindra Group
- Sundaram Finance
- Muthoot Finance
- AAA PSUs/FIs
- Bank CDs

Current Money Market Yield Curve*



*These are current market rates and are subject to change

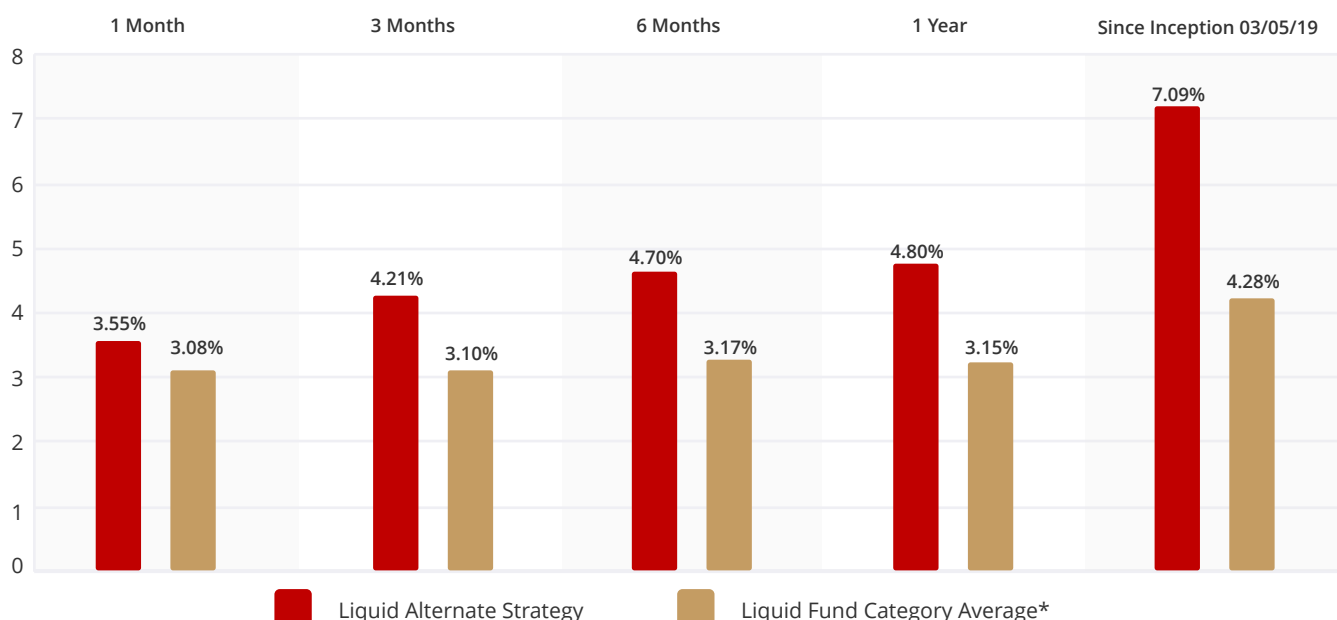
Advantages

-  Credit control through customized portfolios
-  Yield pick-up with ability to take advantage of yield curve steepness
-  Potential for capital gains through roll-down leading to higher returns
-  No commingling impact like in mutual funds
-  As liquidity improves, spreads will likely compress, leading to an added benefit

Portfolio Return Sensitivity Over 3 Months

Scenario	Forecast Return
Yield Curve Remains Constant	4.77%
Yield Curve shifts down by 25 bps	5.19%
Yield Curve shifts up by 25 bps	4.35%

Performance: Annualized returns as on 31st October, 2021



*Source – ICRA, MFI Explorer **Past performance is no indication of future returns

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