

# Edelweiss Banking & PSU Debt Fund

An open ended debt scheme predominantly investing in Debt Instruments of Banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds.

## FUND INSIGHTS: August 31, 2020

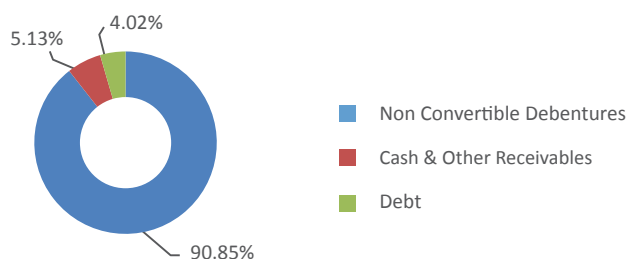
### Scheme Objective:

The investment objective of the Scheme is to generate returns commensurate with risks of investing in a portfolio of Debt Securities and Money Market Instruments issued by Banks, Public Sector Undertakings, Public Financial Institutions, entities majorly owned by Central and State Governments and Municipal Bonds. However, there can be no assurance that the investment objective of the scheme will be realized.

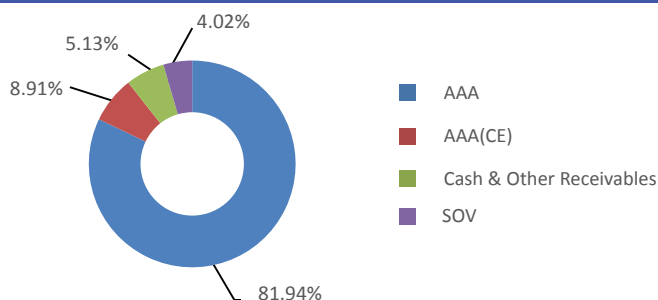
### Scheme Positioning

- 📌 Ideal for investment of one year and above
- 📌 Suitable alternative to traditional instruments for credit risk-averse investors
- 📌 Focus on credit quality, liquidity and risk-adjusted returns
- 📌 Diversified portfolio of assets comprising at least 80% in bank CDs and bonds, PSU and PFI with rest in NBFC, HFC, PTC, central and state govt. bonds, etc.
- 📌 Indicative portfolio duration range between 1Y and 4Y
- 📌 Active portfolio management to mitigate downside risks

### Asset Allocation (% of total)



### Rating Profile



### Top Holdings

ISSUER	RATING	% OF NAV
8.3% NTPC LTD NCD RED 15-01-2029	CRISIL AAA	9.09%
7.48% IRFC NCD RED 13-08-2029	CRISIL AAA	8.63%
8.37% HUDCO NCD RED 23-03-2029	ICRA AAA	7.63%
8.24% NABARD NCD GOI SERVICED 22-03-2029	CRISIL AAA	7.57%
8.85% POWER FIN CORP NCD RED 25-05-2029	CRISIL AAA	6.00%
7.64% FOOD COR OF IND NCD RED 12-12-2029	CRISIL AAA(CE)	5.79%
7.70% NHAI NCD RED 13-09-2029	CRISIL AAA	5.79%
8.85% REC LTD. NCD RED 16-04-2029	CRISIL AAA	4.50%
5.79% GOVT OF INDIA RED 11-05-2030	SOV	4.02%
8.83% EXIM BK OF INDIA NCD RED 03-11-29	CRISIL AAA	3.16%

📌 AUM of scheme	₹ 364.65 Crore
📌 Portfolio YTM (%)	6.72
📌 Average Maturity (Years)	8.73
📌 Modified Duration (Years)	6.05
📌 Macaulay Duration (Years)	6.46
🚩 Benchmark	NIFTY Banking & PSU Debt Index
📌 Total Expense Ratio	
Regular Plan	0.55%
Direct Plan	0.20%
➔📌 Entry Load	Nil
➔📌 Exit Load	Nil

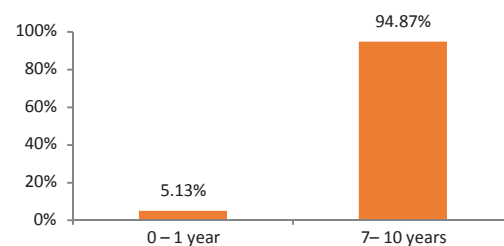


**Dhawal Dalal**  
Fund Manager -  
Experience : 21 years  
Managing Scheme Since:  
November 28, 2016



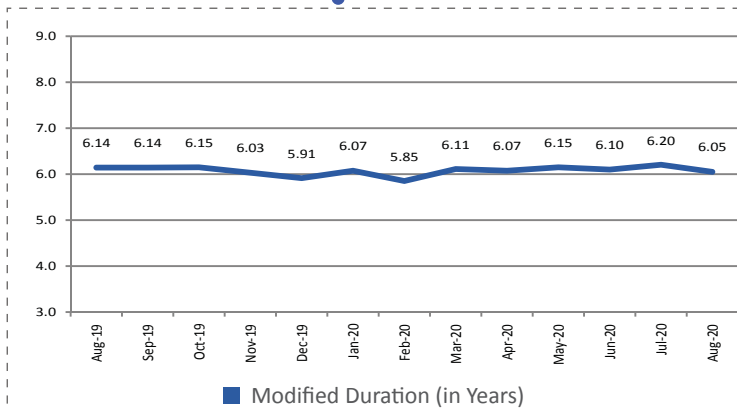
**Gautam Kaul**  
Co-Fund Manager  
Experience : 18 years  
Managing Scheme Since:  
December 11, 2017

### Maturity Profile

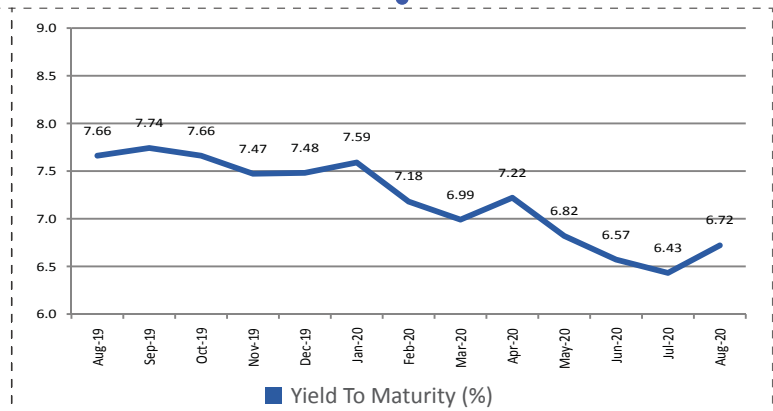


Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

### Portfolio Duration



### Portfolio YTM



### Fund Manager's Outlook<sup>5</sup>

- ▶ Yields of Indian Government Bonds (IGB) experienced significant volatility in August after a series of events forced market participants to turn cautious on IGB and reduce their positions.
- ▶ No clarity on IGB supply concerns in August MPC, sticky inflation since January and abrupt jump in July inflation, hawkish August MPC minutes and a series of devolvments of IGB auctions unnerved market participants.
- ▶ Market participants were hoping that RBI won't let yields of 10Y IGB to cross 6% mark. However, lack of any action from RBI caused bond market to capitulate which pushed yields of 10Y IGB to high of 6.22% on Aug 24, 2020 from 5.84% at the start of the month.
- ▶ Corporate bonds followed the movement in underlying IGB. However, AAA PSU credit spreads tightened at the short-end.
- ▶ Money market yields remained soft amid sell-off in the IGB market. The INR appreciated around 2.2% against the USD in August amid heavy inflows.
- ▶ Going forward, we expect 10Y IGB yields to remain range-bound after the RBI's measures to calm the bond market. We expect 10Y IGB yields to trade in a range of 5.85-6% in the near-term. That said, we continue to remain constructive on the long-end of the IGB yield curve. We expect term spreads to decline from their current level of 190 bp towards 150 bp or lower in the medium-term.

### Key Information

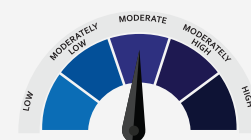
<p><b>1</b> Minimum Investment: ₹ 5,000/- and in multiples of ₹ 1/- thereafter.</p>	<p><b>2</b> INCEPTION DATE 13th September 2013</p>	<p><b>3</b> OPTIONS AVAILABLE</p> <ul style="list-style-type: none"> <li>• Growth</li> <li>• Dividend</li> <li>• Dividend Reinvestment</li> <li>• Weekly, Fortnightly &amp; Monthly</li> <li>• Dividend Payout</li> <li>• Monthly</li> </ul>	<p><b>4</b> PLANS: Regular Plan &amp; Direct Plan</p>
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### This product is suitable for investors who are seeking\*:

- Income over short to medium term.
- Investment in Debt Securities and Money Market Instruments issued by Banks and PSUs and PFIs

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Riskometer



Investors understand that their principal will be at Moderate risk

Mr. Dhawal Dalal and Mr. Gautam Kaul are the Fund Manager of the Scheme. The view of the Fund Managers should not be construed as investment advice. Investor must make their own investment decisions based on their specific investment objectives and financial positions and using such AMFI qualified advisors as may be necessary. Opinions expressed are not necessarily those of Edelweiss Asset Management Limited (EAML) or any of its Directors, Officers, Employees and personnel. Consequently, EAML or any of its Directors, Officers, Employees and personnel do not accept any responsibility for the editorial content or its accuracy, completeness or reliability and hereby disclaim any liability with regard to the same.

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