

FIRST
TIME IN
INDIA



WHY PAY MORE FOR LESS?

Edelweiss CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index Fund

(An open-ended debt Index Fund investing in the constituents of CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index.
A relatively high interest rate risk and relatively low credit risk.)

 **Low cost adding to returns**  **No more confusion of choice**  **High quality portfolio to avoid unfavourable surprises**

A simple solution for your short-term investments.

NFO PERIOD: 27 Jan - 10 Feb 2023

Options available for short-term investments



1

Low Duration Funds

- Macaulay Duration range: 6M to 12M
- Credit Quality: AAA/AA/A

2

Short Term Funds

- Macaulay Duration range: 1Y to 3Y
- Credit Quality: AAA/AA/A

3

Corporate Bond Funds

- Macaulay Duration range: 5M to 5Y
- Credit Quality: Predominantly AAA

4

Credit Risk Funds

- Macaulay Duration range: 1Y to 3Y
- Credit Quality: Predominantly AA and Below

Searching a right fund isn't easy



Selecting a right debt fund for short-term investments is a lengthy process

01 Which category?

- * Low-Duration Fund
- * Short term fund
- * Credit Risk Fund
- * Floating Rate Funds
- * Corporate Bond Funds

02 Which scheme?

- * **22** Low-Duration Funds
- * **26** Short term fund
- * **16** Credit Risk Fund
- * **12** Floating Rate Funds
- * **21** Corporate Bond Funds

03 Market View?

- * Study multiple factors to select the right category/scheme
 - * Interest rate outlook
 - * Credit spreads
 - * Rating upgrades & downgrades

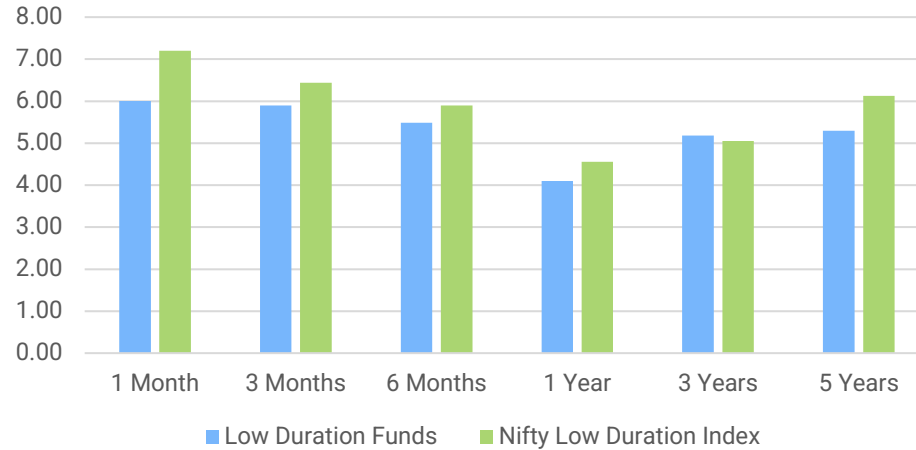
04 Review & tracking

- * Review portfolio credit quality
- * Track performance against benchmarks and peers
- * Review underperforming schemes
- * Track costs

Most active funds have underperformed their benchmark



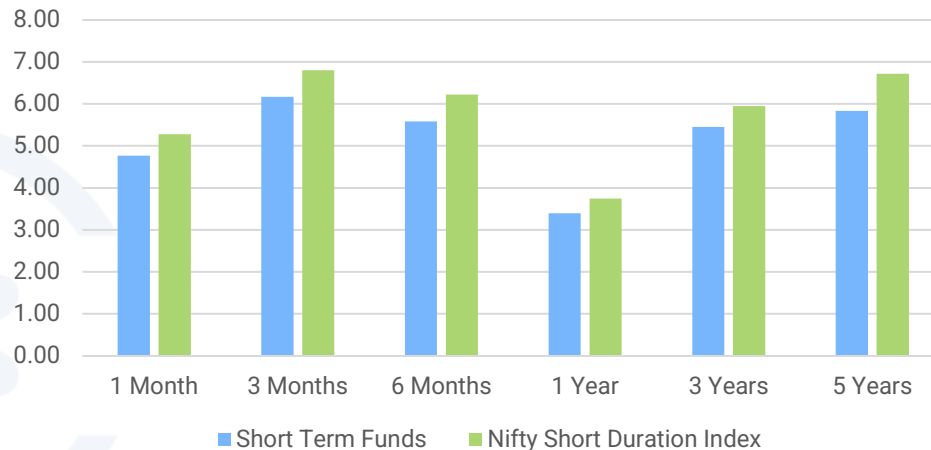
Low Duration Funds



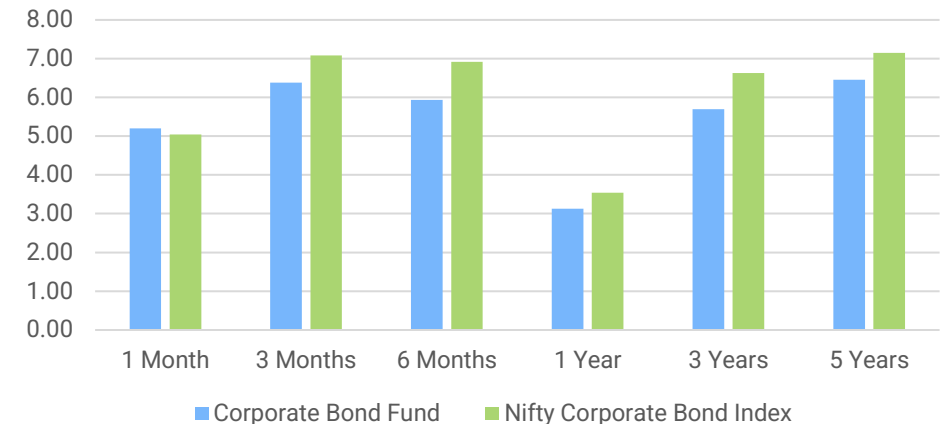
Credit Risk Funds



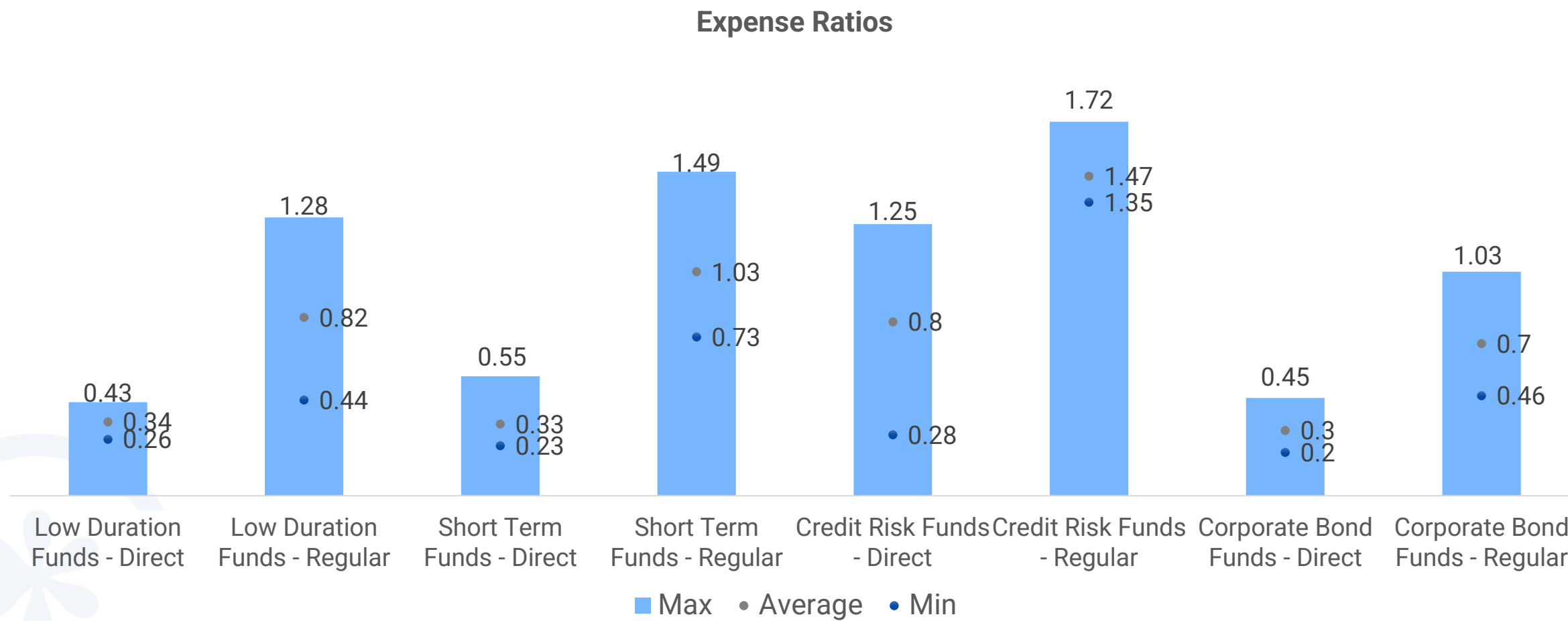
Short Duration Funds



Corporate Bonds Funds



Higher costs may be hurting the returns



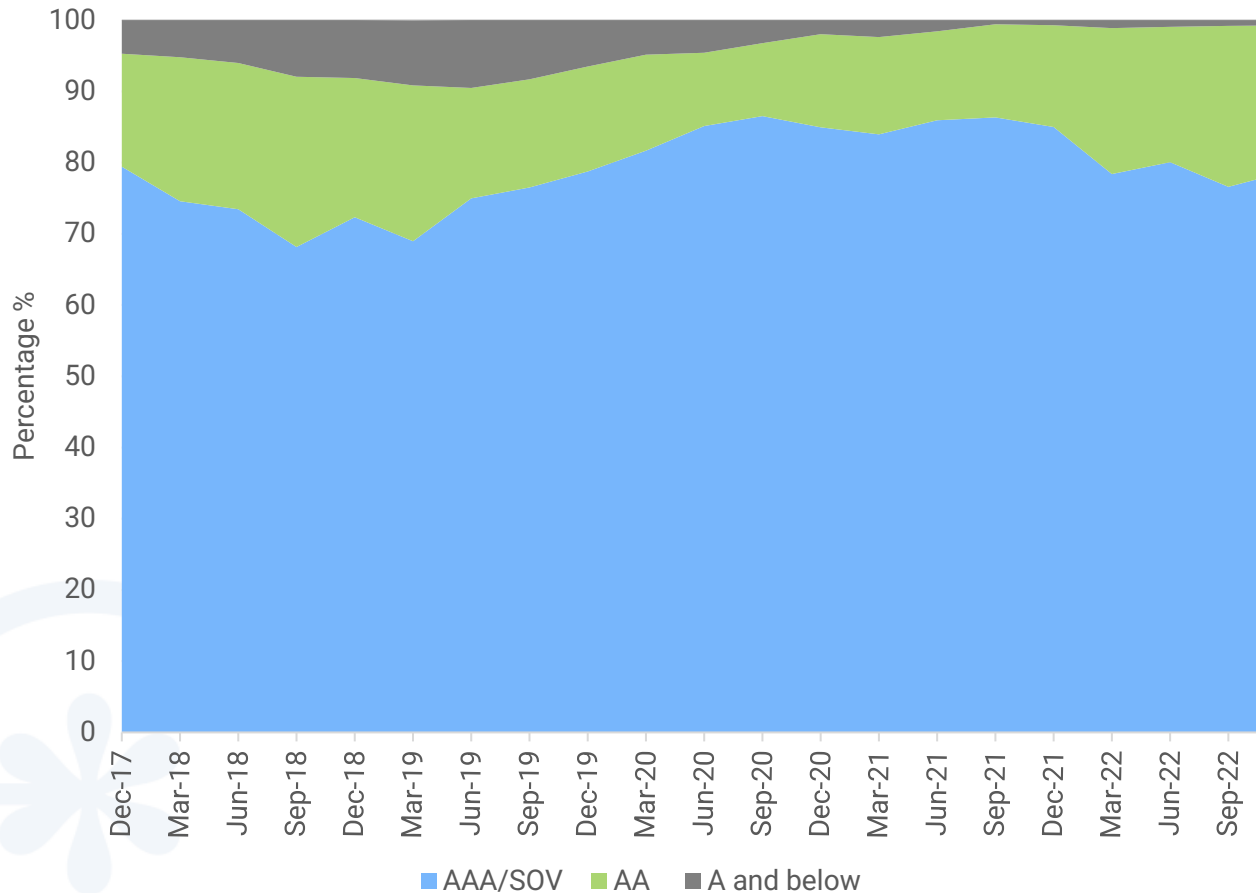
Short Term Funds have underperformed the benchmark 77% of the time



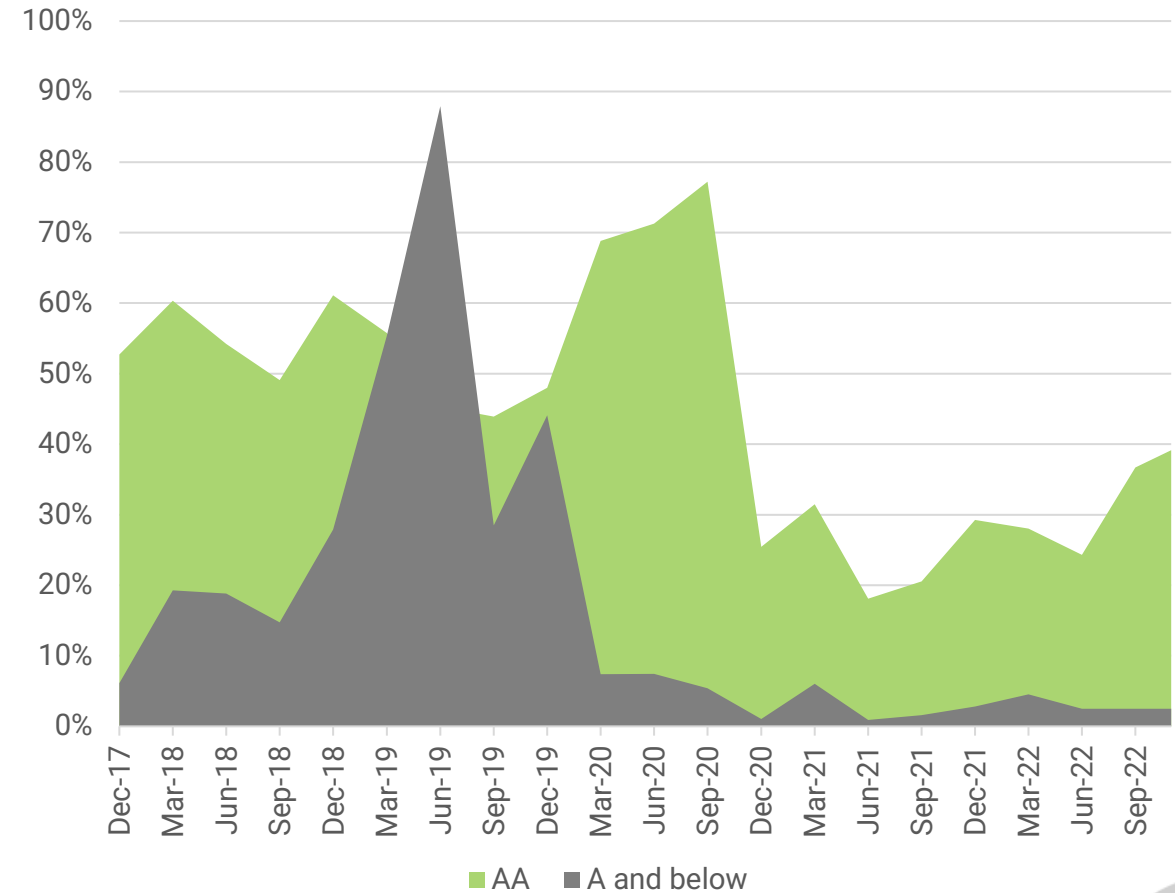
Credit Quality has been unpredictable leading to unfavorable surprises



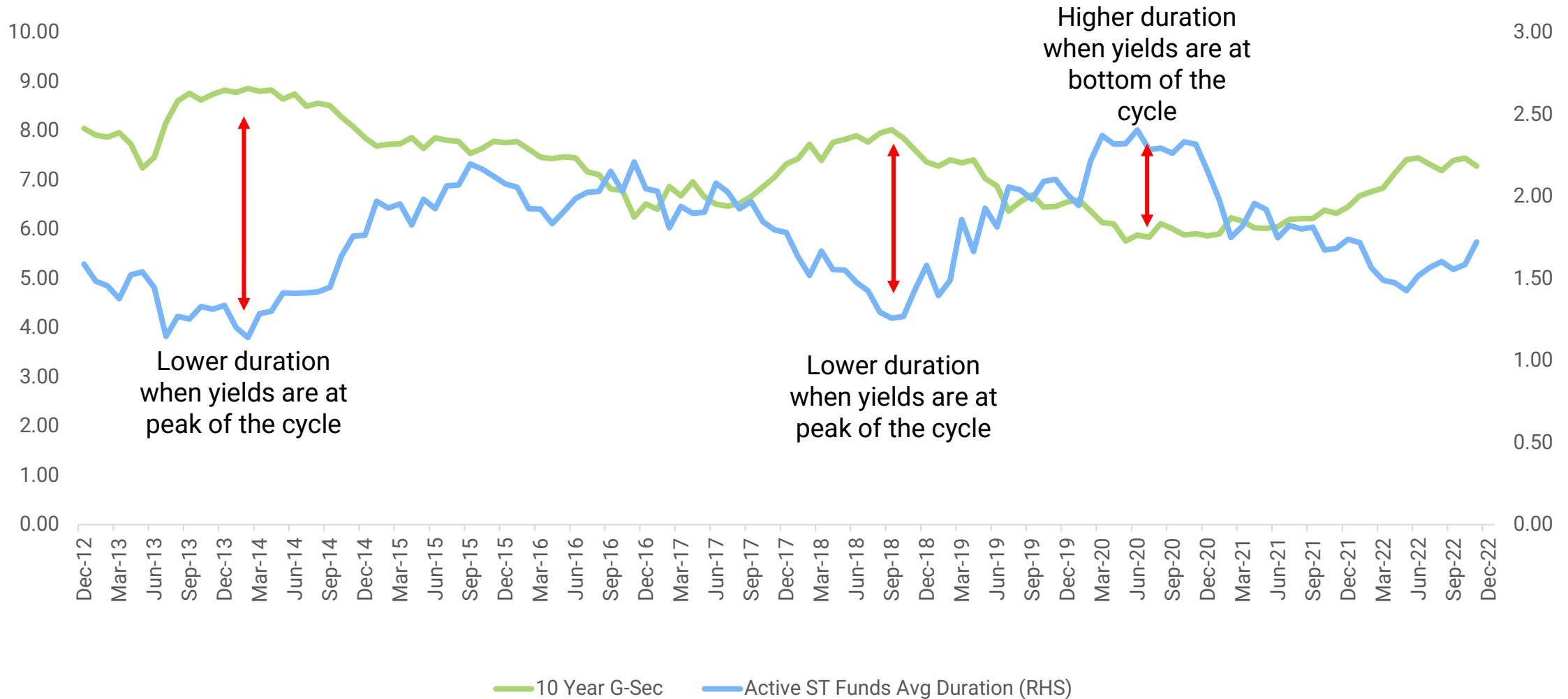
Credit Quality of ST Funds (Category Average)



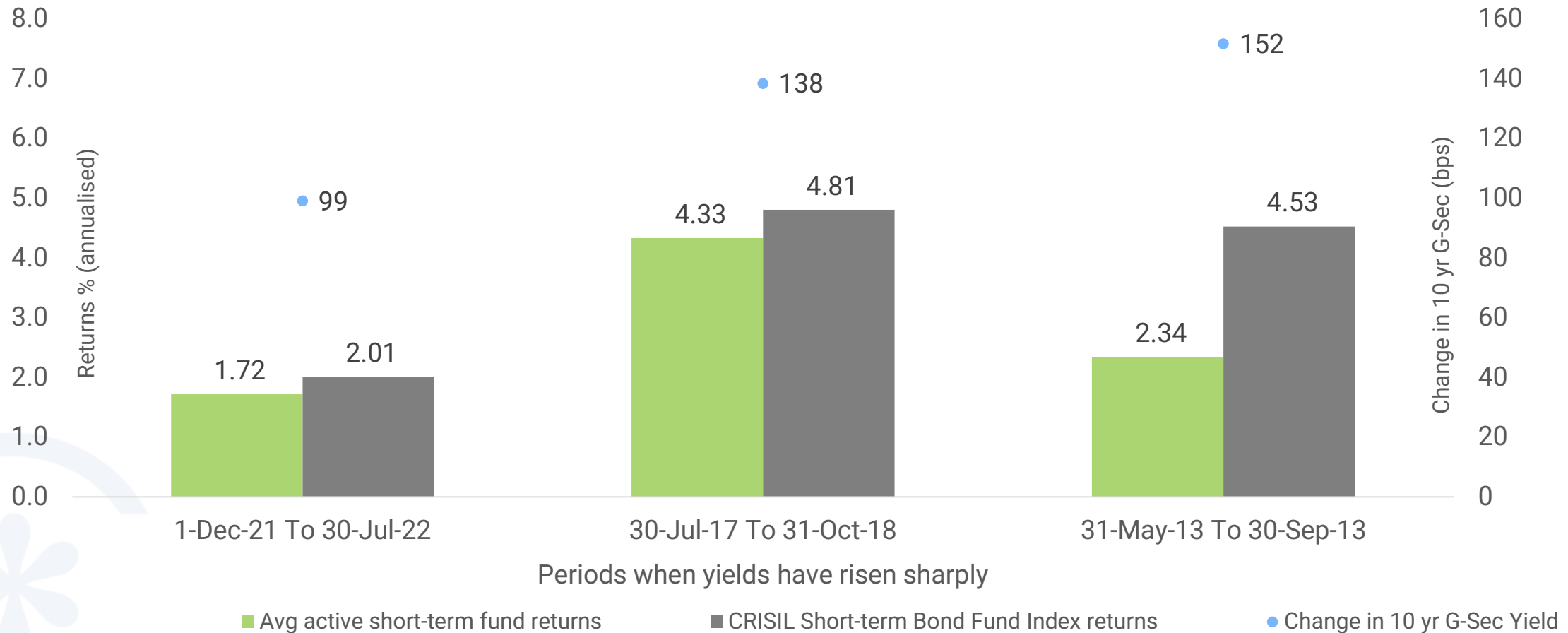
Max exposure to Credits in ST Funds



Duration calls have suffered from biases



...and hence, Active ST Funds have underperformed during reversals in rate cycles



Summary





Introducing 1st time in India
A Passive Short-Duration fund

**Edelweiss Crisil IBX 50:50 Gilt Plus SDL
Short Duration Index Fund**



Why Passive Short-Duration Fund?



Simple and easy to choose as compared to long list of active debt funds

Tight portfolio boundaries in terms of asset allocation, duration and quality. Hence, no unfavourable surprises.

Passive duration management which is consistent and free from any bias.

Lower cost which eventually adds-up in the returns.

About Edelweiss CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index



The Fund aims to replicate the constituents of **CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index**

Index Methodology



Issuer Selection:

- 50% Indian Government Bonds (IGBs) and 50% State Development Loans (SDLs)
- For selection of both IGBs and SDLs, four duration buckets are considered:
 - 1-2 years
 - 2-3 years
 - 3-4 years
 - 4-5 years

Weight Assignment:

- The G-Sec portion will be constructed by selecting most liquid G-Sec falling in each of the above duration buckets with a minimum outstanding of INR 10,000 crores.
- The SDL portion will be constructed by first selecting most liquid State issuers falling in each of the eligible duration buckets.
- Then by selecting most liquid ISIN with minimum outstanding of Rs. 500 crores from each of these shortlisted State issuers.

Liquidity Scoring & Rebalancing:

- Liquidity score for both IGBs and SDLs will be assigned based on the volume traded (70%), number of trades (15%) and days traded (15%) in the previous quarter.
- The index will be rebalanced every quarter with effective date as the first business day of the month.

CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index Constituents



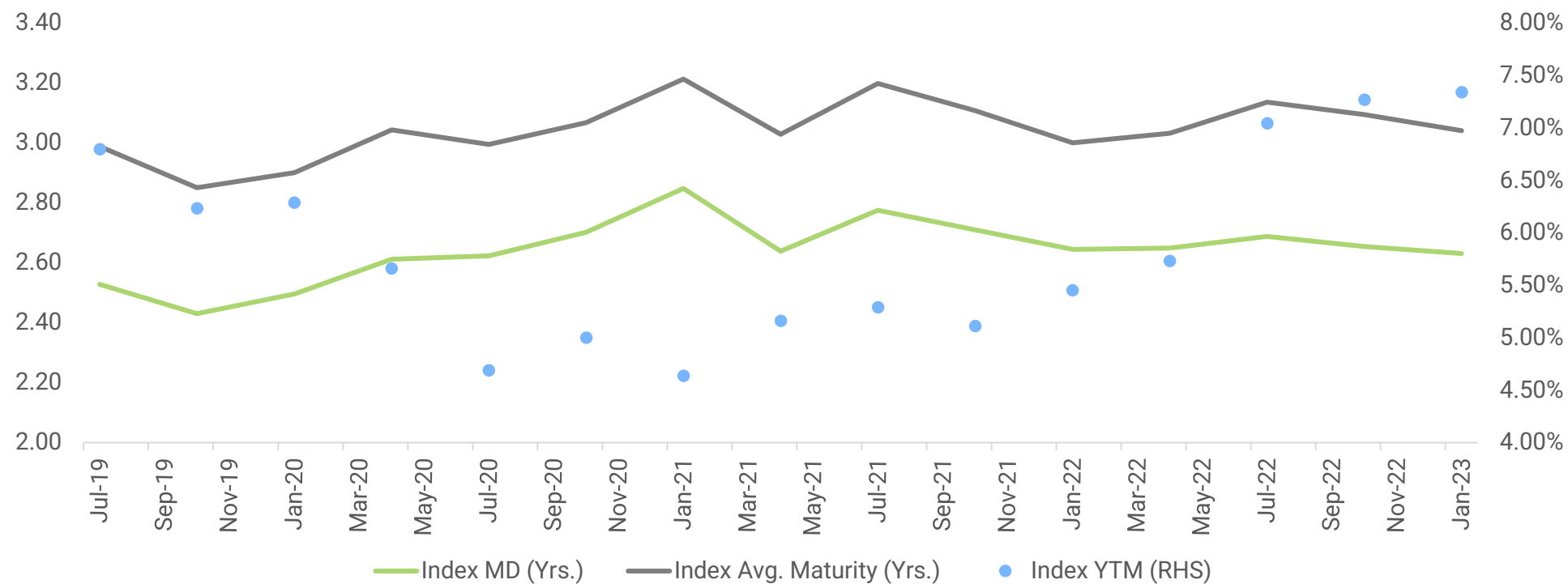
Sr. no.	Issuer	Credit Rating	Maturity Date	Weight
1	Central Government	Sovereign	27-Jun-24	12.50%
2	Central Government	Sovereign	15-Jun-25	12.50%
3	Central Government	Sovereign	12-Apr-26	12.50%
4	Central Government	Sovereign	20-Jun-27	12.50%
5	RAJASTHAN	Sovereign	18-Sep-24	12.50%
6	GUJARAT	Sovereign	27-Oct-25	12.50%
7	GUJARAT	Sovereign	09-Nov-26	12.50%
8	KARNATAKA	Sovereign	29-Mar-27	12.50%
Grand Total				100.00%

Mod Duration 2.63 yrs.

Index YTM: 7.34%*

*The indicative yield provided is of the Index and not that of the Scheme. The Scheme is neither a Capital Protected nor a Guaranteed Return Product and may or may not generate return in line with Index. Indicative Yield of the Index is annualized as on Jan 1, 2023. Source: CRISIL

Historical quant movements



	Index YTM	Index MD	Index Average Maturity
Average	5.85%	2.64	3.05
Min	4.64%	2.43	2.85
Max	7.34%	2.85	3.21

Index Quants comparison



Direct Plans	Index	Short Term Funds	Corporate Bond Funds	Banking & PSU Debt Funds
M. Duration	2.63	1.79	1.90	2.06
YTM	7.34%	7.48%	7.51%	7.39%
Expense Ratio	0.15%*	0.34%	0.33%	0.31%
Net YTM~	7.19%	7.14%	7.18%	7.08%
Exposure to Non-AAA credit	NIL	10.74%	2.21%	1.85%

Regular Plans	Index	Short Term Funds	Corporate Bond Funds	Banking & PSU Debt Funds
Expense Ratio	0.65%*	1.04%	0.69%	0.70%
Net YTM~	6.69%	6.44%	6.82%	6.69%

Executive Summary



Many active debt funds have underperformed their benchmark due to high costs and at times incorrect duration calls.

1

Credit quality in active funds has been unpredictable leading to unfavourable outcomes.

2

Edelweiss CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index Fund is the 1st passive debt index fund in the short-term category.

3

The fund offers better predictability on asset allocation, credit quality, and duration.

4

The index fund is a low cost substitute over other active funds for your short term investments

5

Edelweiss is a leader in the passive debt fund category in India with highest market share.

6

Fund Features



Scheme	Edelweiss CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index Fund
Type of Scheme	An open-ended debt Index Fund investing in the constituents of CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index. A relatively high interest rate risk and relatively low credit risk.
Investment Objective	To replicate CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index by investing in a diversified portfolio of Indian Government Bonds and SDLs, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be realized, and the Scheme does not assure or guarantee any returns.
NFO Period	27 th January 2023 to 10 th February 2023
Underlying Index	CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index
Fund Manager	Mr. Dhawal Dalal
Co – Fund Manager	Mr. Rahul Dedhia
Exit Load	NIL
Minimum Investment Amount (NFO Period)	Rs. 5,000/- and in multiples of Rs. 1/- thereafter

Why Edelweiss MF?



Pioneer of passive debt funds -
Target Maturity Funds (TMF) in India.

Managing assets over Rs. 68,000 crs. in
passive debt funds.

Largest asset manager in debt
passives in India with highest
market share in TMFs.

Widest basket of passive debt funds -
TMFs. Focused on debt passives with
over 96% Debt AUM in passives.

Riskometer & PRC Matrix



Edelweiss CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index Fund
 (An open-ended debt Index Fund investing in the constituents of CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index. A relatively high interest rate risk and relatively low credit risk.)

The product is suitable for investors who are seeking	Riskometer of the Scheme	Riskometer of the Benchmark
<ul style="list-style-type: none"> Income over long term An open-ended debt Index Fund that seeks to track the returns provided by CRISIL IBX 50:50 Gilt Plus SDL Short Duration Index, subject to tracking errors. 		
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them	Investors understand that their principal will be at Moderate risk	

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

Disclaimers

Disclaimer:

This presentation is intended solely for the addressee Only. Duplicating all or any part of this presentation including photocopying, facsimile transmission, mailing or physical transmission is prohibited. This presentation is for information purposes and private circulation only and is not an offer to sell or a solicitation to buy any mutual fund units / securities or to have business relations with Sponsor/ Edelweiss Asset Management Limited (EAML)/ Edelweiss Trusteeship Company Limited (ETCL) and its associates or Edelweiss Mutual Fund. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. Neither Sponsor/EAML/ETCL and its associates or Edelweiss Mutual Fund nor any person connected with it, accepts any liability arising from the use of this information. Utmost care has been exercised while preparing the presentation, and Sponsor/EAML/ETCL and its associates or Edelweiss Mutual Fund does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The views expressed, herein, are independent perception of EAML and should not be construed as an advice. The recipients of this material should rely on their investigations and take their own professional advice. Investment decisions of EAML may not always be profitable.

CRISIL Disclaimer and Copyright Notice:

Each CRISIL Index (including, for the avoidance of doubt, its values, and constituents) is the sole property of CRISIL Limited (CRISIL). No CRISIL Index may be copied, retransmitted, or redistributed in any manner. While CRISIL uses reasonable care in computing the CRISIL Indices and bases its calculation on data that it considers reliable, CRISIL does not warrant that any CRISIL Index is error-free, complete, adequate or without faults. Anyone accessing and/or using any part of the CRISIL Indices does so subject to the condition that: (a) CRISIL is not responsible for any errors, omissions or faults with respect to any CRISIL Index or for the results obtained from the use of any CRISIL Index; (b) CRISIL does not accept any liability (and expressly excludes all liability) arising from or relating to their use of any part of CRISIL Indices.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Thank You!

