

Kotak Credit Risk Fund

An open ended debt scheme predominantly investing in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds)
A relatively high interest rate risk and relatively high credit risk.

31st March 2024



Kotak Credit Risk Fund

About Kotak Credit Risk Fund

- 1** The investment objective of Kotak Credit Risk is to generate income by investing in debt and money market securities across the yield curve and credit spectrum.
- 2** The scheme would also seek to maintain reasonable liquidity within the fund.
- 3** The scheme invests in securities offering high accrual by taking on a marginally higher credit risk.



- 4** The fund manager may also seek to capitalize on opportunity of potential credit rating upgrades from time to time.
- 5** The scheme is suitable for investors with a time horizon of 15 months plus.

* The numbers are converted using the Rupee- USD reference rate published by the Reserve Bank of India as on the respective dates.

▶ Debt Market Brief

- ▶ Headline CPI in February 2024 stood at 5.09% similar to January.
- ▶ Core Inflation dipped below 4% after a long time; however, RBI focus is on headline for the moment.
- ▶ It's important to note that core CPI averaged 4.8% yoy in the pre-pandemic period between FY18-FY20, when headline CPI averaged around 3.9% during the same period.
- ▶ Currently, core CPI is 140 bps lower than the pre-pandemic average, while real rates calculated in terms of core CPI is in excess of 300 bps.
- ▶ In the pre-pandemic period, real rates were about 100 bps with respect to core inflation.
- ▶ Increased interest by FIIs in Indian bond market to have positive influence on bond yields going forward.
- ▶ State Government finally completed the borrowing programme in the last fortnight of March.
- ▶ Situation in US is becoming increasingly volatile as Fed to cut rates by 75 bp this starting July and 75 bps cuts next year vs 100 bps earlier in CY 2025.
- ▶ Swap largely tracks UST which is not able to find any decisive move hence has become extremely range.
- ▶ We have reduced FRB position and moved to 15-30-year segment, however, so far the trade has not worked well but we are accumulating as planned across duration and hybrid strategies.
- ▶ RBI expected to move post Fed cut

▶ Portfolio Action

- ▶ The endeavor is to enhance the portfolio yield by either selling low yielding assets to buy high yielding assets or by utilizing the cash to acquire high yielding assets.
- ▶ We are likely to be at the end of rate hiking cycle and rate cuts seem to be on the cards ahead both globally as well as India, we shall look to keep duration at optimal levels
- ▶ We intend to maintain the modified duration in the range of 1.5– 3.0 years In April 2024

Particulars	31 Mar 2024	29 Feb 2024
Avg. Maturity (in yrs)	3.16	3.10
Modified Duration	2.43	2.43
Yield (in %)	8.71	8.66
Macaulay Duration	2.56	2.56

Risk Statistics[@]

Standard Deviation

0.93%

Average Maturity

3.16 Years

Portfolio Modified Duration

2.43 Years

YTM

8.71%

Macaulay Duration

2.56

▶ Top 10 Companies as on 31st March, 2024

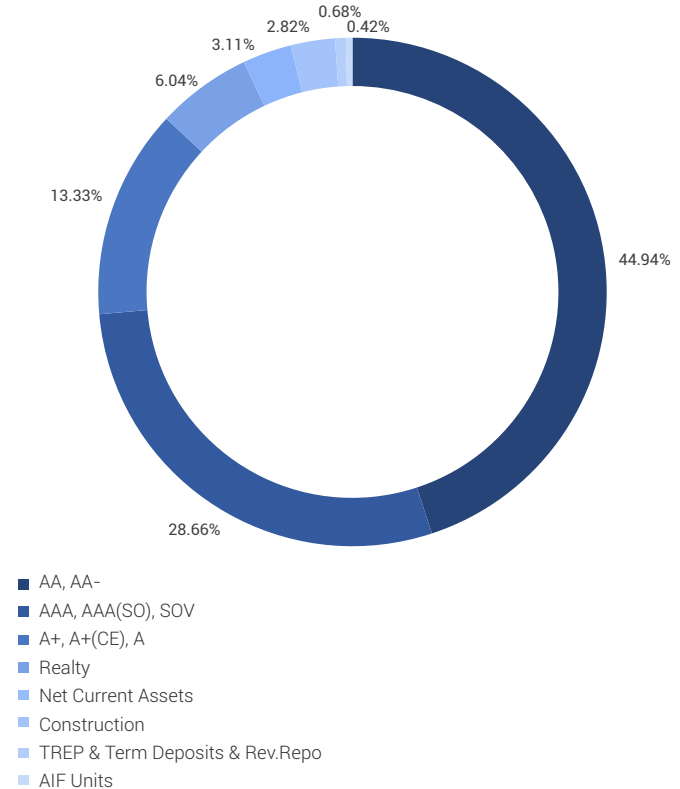
Aadhar Housing Finance Limited	CARE AA/ICRA AA		9.87%
7.18% Central Government	SOV		9.42%
Tata Power Company Ltd.	CARE AA		9.23%
NABARD	CRISIL AAA		5.82%
PTC Vajra Trust (SERIES A1) 20/02/2029 (MAT 20/02/2027)(VAJRA TRUST)	ICRA AAA(SO)		5.82%
Tata Projects Ltd.	FITCH AA		5.81%
Century Textiles & Industries Ltd.	CRISIL AA		4.90%
Prestige Projects Pvt. Ltd	ICRA A		4.68%
Indostar Capital Finance Limited	CRISIL AA-		4.64%
Macrotech Developers Ltd	ICRA A+		4.44%

(^) Fully or Party blocked against Interest Rate Swap (IRS)

▶ Asset Allocation as on 31st March, 2024

Debentures and Bonds		76.93%
Government Dated Securities		10.00%
Real Estate Investments Trusts		6.04%
Net Current Assets		3.11%
Infrastructure Investment Trusts		2.82%
TREP & Term Deposits & Rev.Repo		0.68%
Alternative Investment Fund		0.42%

▶ Rating Profile as on 31st March, 2024



Kotak Credit Risk Fund



^^Kotak Credit Risk Fund *Performance (%) (as on 28th March, 2024)

	Scheme Returns (%) [^]	NIFTY Credit Risk Bond Index C-III # (Tier 1) ⁵	Alpha (Tier 1)	NIFTY Credit Risk Bond Index # (Tier 2) ⁵	Alpha (Tier 2)	CRISIL 10 Year Gilt ## (%)	Current Value of Investment of ₹10000 in the Scheme (₹)	Standard Benchmark # (₹) (Tier 1)	Investment of ₹10000 in the Benchmark # (₹) (Tier 2)	Additional Benchmark ## (₹)
Since Inception	7.38	9.24	-1.86	9.00	-1.62	6.31	26,900	34,147	33,104	23,406
Last 1 Year	8.23	9.81	-1.57	9.13	-0.90	8.55	10,819	10,975	10,908	10,850
Last 3 Years	4.91	8.49	-3.59	7.91	-3.00	4.30	11,542	12,765	12,560	11,343
Last 5 Years	5.75	8.97	-3.22	8.65	-2.89	6.15	13,229	15,370	15,142	13,477

Scheme Inception date is 11/05/2010. Mr. Deepak Agrawal has been managing the fund since 12/04/2010 & Mr. Sunit Garg has been managing the fund since 01/11/2022.

Different plans have different expense structure. The performance details provided herein are of regular plan. [^]Past performance may or may not be sustained in future. ^{*}All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Note: Point to Point (PTP) Returns in INR shows the value of ₹10,000/- investment made at inception. Source: ICRA MFI Explorer. Classification of schemes in short term & long term is based on the average maturity of the scheme. # Name of Scheme Benchmark. ## Name of Additional Benchmark. Please refer page no. 7 for top 3 and bottom 3 schemes managed by Mr. Deepak Agrawal & for other Fund Managed by Mr. Sunit Garg refer page no.8. We are comparing the performances of the funds with the total return Index. ^^Kotak Income Opportunities Fund is renamed as Kotak Credit Risk Fund with effect from 1st June 2018. ⁵wef. 1st April 2022, the benchmark for the fund has been changed from NIFTY Credit Risk Bond Index to NIFTY Credit Risk Bond Index C-III (tier 1 benchmark) and NIFTY Credit Risk Bond Index (tier 2 benchmark). The performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark. Alpha is difference of scheme return with benchmark return. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

▶ Kotak Credit Risk Fund (SIP Performance) (as on 28th March, 2024)

Systematic Investment Plan (SIP) If you had invested Rs 10,000 every month

Monthly SIP of Rs 10000	Since Inception	10 years	7 years	5 years	3 years	1 year
Total amount invested (Rs)	16,70,000	12,00,000	8,40,000	6,00,000	3,60,000	1,20,000
Total Value as on Mar 28, 2024 (Rs)	27,60,142	16,51,745	10,27,670	6,87,952	3,92,213	1,25,577
Scheme Returns (%)	6.90	6.23	5.69	5.43	5.68	8.88
NIFTY Credit Risk Bond Index CIII Returns (%)	9.19	8.87	8.76	8.75	8.74	9.32
Alpha [*]	-2.29	-2.64	-3.07	-3.32	-3.06	-0.44
NIFTY Credit Risk Bond Index CIII (Rs)#	32,84,281	18,96,557	11,46,179	7,47,311	4,10,313	1,25,847
NIFTY Credit Risk Bond Index Returns (%)	8.84	8.50	8.38	8.30	8.12	8.66
Alpha [*]	-1.93	-2.27	-2.69	-2.87	-2.44	0.23
NIFTY Credit Risk Bond Index (Rs)#	31,96,834	18,60,044	11,30,916	7,39,020	4,06,619	1,25,437
CRISIL 10 Year Gilt Index (Rs) [^]	26,43,109	16,33,181	10,24,875	6,83,054	3,94,261	1,25,315
CRISIL 10 Year Gilt Index (%)	6.33	6.02	5.61	5.15	6.03	8.46

Scheme Inception : - May 11, 2010. The returns are calculated by XIRR approach assuming investment of Rs. 10,000/- on the 1st working day of every month. XIRR helps in calculating return on investments given an initial and final value and a series of cash inflows and outflows and taking the time of investment into consideration. Since inception returns are assumed to be starting from the beginning of the subsequent month from the date of inception. # Benchmark ; [^] Additional Benchmark. Alpha is difference of scheme return with benchmark return.

Top 3 Funds Managed by Mr. Deepak Agrawal

Scheme Name	Benchmark Name	Last 1 yr		Last 3 yr		Last 5 yr		Since Inception	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Kotak FMP Series 304(3119D)- Growth	NIFTY Long Duration Debt Index	8.93%	9.61%	NA	NA	NA	NA	8.50%	9.09%
Kotak Dynamic Bond Fund - Growth	(Tier 1): NIFTY Composite Debt Index B-III	8.82%	8.30%	5.44%	6.34%	6.96%	7.85%	8.02%	8.21%
	(Tier 2): NIFTY Composite Debt Index		8.28%		5.70%		7.48%		7.96%
Kotak Medium Term Fund - Growth	(Tier 1): NIFTY Medium Duration Debt Index C-III	8.05%	9.45%	5.68%	7.62%	6.01%	8.29%	7.40%	8.67%
	(Tier 2): NIFTY Medium Duration Debt Index		7.65%		5.45%		7.22%		7.96%

Mr. Deepak Agrawal manages 12 & All FMPs funds of Kotak Mutual fund.

Kotak FMP Series 304 - (3119D) - Growth, *Name of the Benchmark - NIFTY Long Duration Debt Index, Scheme Inception date is 30/12/2022. Mr. Deepak Agrawal & Mr. Manu Sharma have been managing the fund since 30/12/2022.

Kotak Dynamic Bond Fund - Growth, *Name of the Benchmark - (Tier 1): NIFTY Composite Debt Index B-III / (Tier 2): NIFTY Composite Debt Index, Scheme Inception date is 26/05/2008. Mr. Deepak Agrawal has been managing the fund since 25/11/2012 & Mr. Abhishek Bisen has been managing the fund since 1st Nov 2022.

Kotak Medium Term Fund - Growth, *Name of the Benchmark - (Tier 1): NIFTY Medium Duration Debt Index C-III / (Tier 2): NIFTY Medium Duration Debt Index, Scheme Inception date is 21/03/2014. Mr. Deepak Agrawal has been managing the fund since 22/06/2015 & Mr. Sunit Garg has been managing the fund since 01/11/2022.

*Past performance may or may not be sustained in future. *All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Source: ICRA MFI Explorer. We are comparing the performances of the funds with the total return Index.

Bottom 3 Funds Managed by Mr. Deepak Agrawal

Scheme Name	Benchmark Name	Last 1 yr		Last 3 yr		Last 5 yr		Since Inception	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Kotak Savings Fund - Growth	(Tier 1): NIFTY Ultra Short Duration Debt Index B-I	6.97%	7.84%	5.19%	5.98%	5.55%	6.13%	7.21%	7.69%
	(Tier 2): NIFTY Ultra Short Duration Debt Index		7.78%		5.97%		6.04%		7.64%
Kotak Low Duration Fund - Growth	(Tier 1): NIFTY Low Duration Debt Index B-I	6.86%	7.95%	5.11%	5.93%	5.94%	6.35%	7.19%	7.89%
	(Tier 2): NIFTY Low Duration Debt Index		7.68%		5.71%		6.14%		7.77%
Kotak Overnight Fund - Growth	NIFTY 1D Rate Index	6.68%	6.84%	5.05%	5.23%	4.64%	4.80%	4.71%	4.87%

Mr. Deepak Agrawal manages 12 & All FMPs funds of Kotak Mutual fund.

Kotak Savings Fund - Growth, *Name of the Benchmark - (Tier 1): NIFTY Ultra Short Duration Debt Index B-I / (Tier 2): NIFTY Ultra Short Duration Debt Index, Scheme Inception date is 13/08/2004. Mr. Deepak Agrawal has been managing the fund since 01/04/2008 & Mr. Manu Sharma has been managing the fund since 01/11/2022.

Kotak Low Duration Fund - Growth, *Name of the Benchmark - (Tier 1): NIFTY Low Duration Debt Index B-I / (Tier 2): NIFTY Low Duration Debt Index, Scheme Inception date is 06/03/2008. Mr. Deepak Agrawal has been managing the fund since 01/02/2015 & Mr. Manu Sharma has been managing the fund since 01/11/2022.

Kotak Overnight Fund - Growth, *Name of the Benchmark - NIFTY 1D Rate Index, Scheme Inception date is 15/01/2019. Mr. Deepak Agrawal has been managing the fund since 15/01/2019.

*Past performance may or may not be sustained in future. *All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Source: ICRA MFI Explorer.

We are comparing the performances of the funds with the total return Index.

▶ Other Fund Managed by Mr. Sunit Garg

Scheme Name	Benchmark Name	Last 1 yr		Last 3 yr		Last 5 yr		Since Inception	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Kotak Medium Term Fund - Growth	(Tier 1): NIFTY Medium Duration Debt Index C-III	8.05%	9.45%	5.68%	7.62%	6.01%	8.29%	7.40%	8.67%
	(Tier 2): NIFTY Medium Duration Debt Index		7.65%		5.45%		7.22%		7.96%

Mr. Sunit Garg manages 2 funds of Kotak Mahindra Mutual Fund.

Kotak Medium Term Fund - Growth, *Name of the Benchmark - (Tier 1): NIFTY Medium Duration Debt Index C-III / (Tier 2): NIFTY Medium Duration Debt Index , Scheme Inception date is 21/03/2014. Mr. Deepak Agrawal has been managing the fund since 22/06/2015 & Mr. Sunit Garg has been managing the fund since 01/11/2022.

*Past performance may or may not be sustained in future. *All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

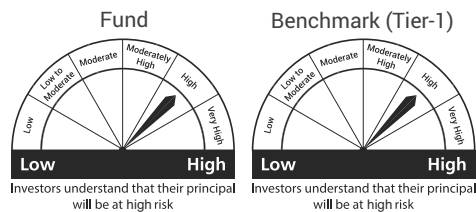
Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Source: ICRA MFI Explorer.

We are comparing the performances of the funds with the total return Index.

Kotak Credit Risk Fund

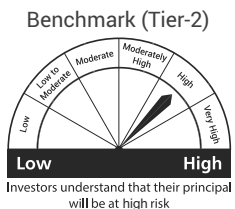


Riskometer



This product is suitable for investors who are seeking:

- ▶ Income over a medium term investment horizon
- ▶ Investment predominantly in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds)



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

Potential Risk Class

Credit Risk ² Interest Rate Risk ⁴	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low			
Moderate			
Relatively High			C-III

Disclaimer

Kotak Credit Risk An open ended debt scheme predominantly investing in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds)

Investment Objective: The investment objective of the scheme is to generate income by investing in debt /and money market securities across the yield curve and credit spectrum. The scheme would also seek to maintain reasonable liquidity within the fund. There is no assurance that or guarantee that the investment objective of the scheme will be achieved.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. Scheme Information Document (SID) and Statement of Additional Information (SAI) available on kotakmf.com

Scheme Facts

AUM* (as on 28th March, 2024):

Month end AUM : ₹856.40 crs

Monthly Average AUM : ₹857.73 crs

Benchmark: Tier-1 NIFTY Credit Risk Bond Index C-III
Tier-2 NIFTY Credit Risk Bond Index

Launch Date : 11th May 2010

*Source: MFI Explorer.

NAV (as on 28th March, 2024):

Growth ₹26.9002

Direct Growth ₹29.9063

Annual Dividend ₹11.6985

Direct Annual Dividend ₹22.4625

Investment Amount :

Minimum Investment: ₹100/- and any amount thereafter

Additional Investment: ₹100/- and any amount thereafter

Structure : An open ended debt scheme predominantly investing in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk.

Load Structure :

Entry Load: Nil

Exit Load: i) For redemption / switch out of upto 6% of the initial investment amount (limit) purchased or switched or switched in with in 1 year from the date of allotment: Nil ii) If units redeemed or switched out are in excess of the limit with in 1 year from the date of allotment: 1% iii) If units redeemed or switched on or after 1 year from the date of allotment: Nil iv) Any exit load charged (net off Goods and Services Tax, if any) shall be credited back to the respective Scheme. Units issued on reinvestment of dividends shall not be subject to entry and exit load.