

# Invest in **India's Top NBFCs and HFCs** with a **Target Maturity Fund**



Introducing

**Aditya Birla Sun Life**

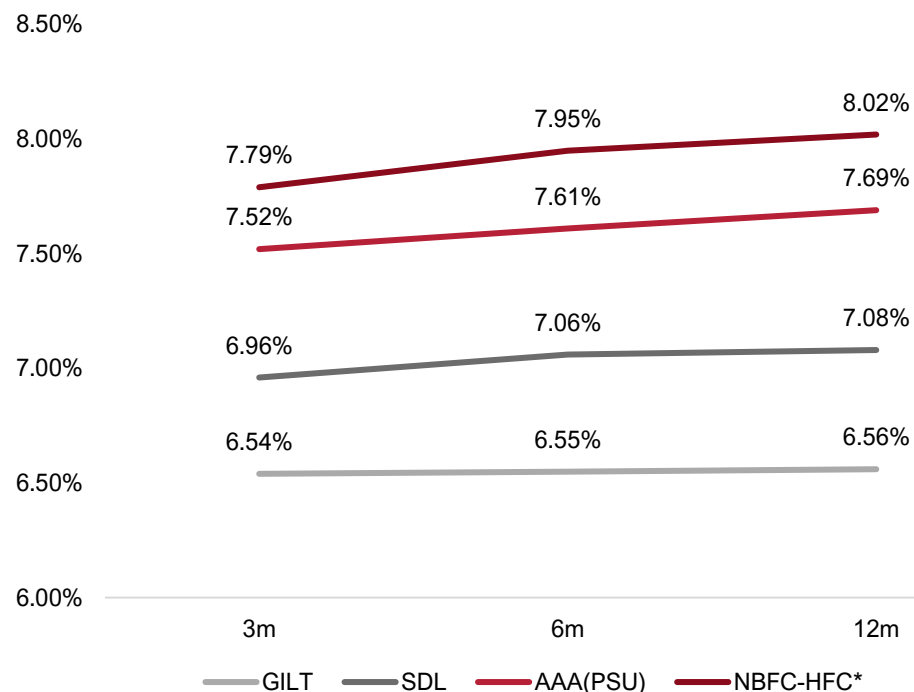
**CRISIL-IBX AAA NBFC-HFC Index  
- Dec 2025 Fund**

(An open ended Target Maturity Index Fund tracking the CRISIL-IBX AAA NBFC-HFC Index - Dec 2025. A moderate interest rate risk and relatively low credit risk.)

**NFO Opens: 08 October 2024  
NFO Closes: 14 October 2024**

# NBFC & HFC - An Overview

## Yields



Moderating inflation globally, rate cuts have started across multiple regions. Yields in India remain attractive with relatively stable credit risk profile.



Healthy balance sheets across financial institutions, marked by strong capital buffers, improving asset quality, adequate provisioning and robust earnings.



NBFC Gross non-performing assets (GPNA) on the decline, and currently at 4.0%, while ROA is rising consistently crossing 3.3% in 2024.



HFCs well poised for growth with premiumisation of home offerings through new developments in Tier I & II cities driving demand.

Sources: RBI FSR Jun 2024. Bloomberg and ABSLAMC Research Yield Data as of 23<sup>rd</sup> September 2024, \*Category average of AAA rated NBFC & HFC constituent universe.

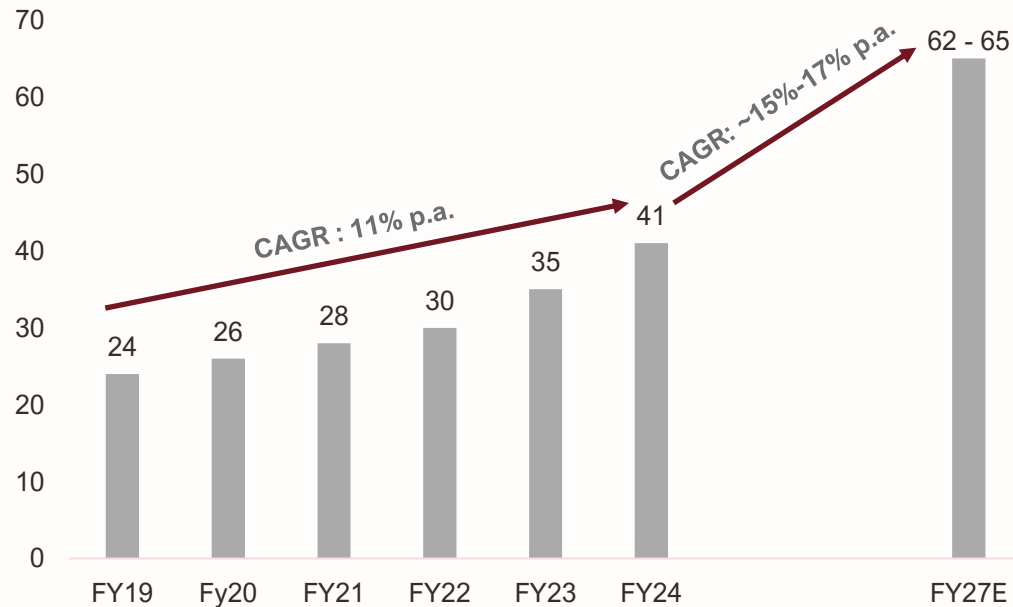


# Pace and Dynamics - Structural growth Journey

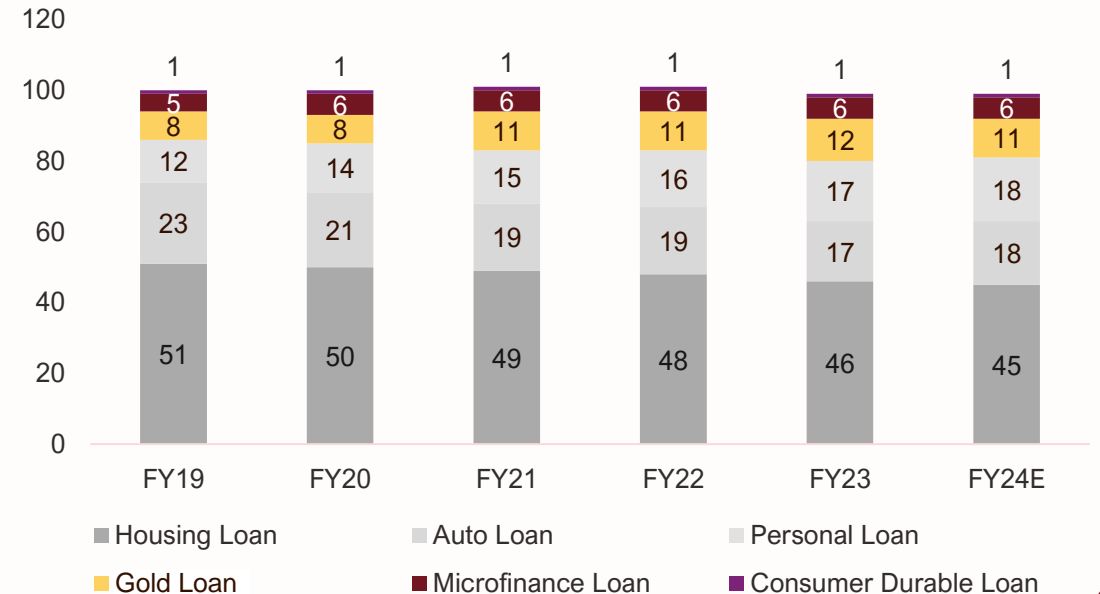


MUTUAL FUNDS

### NBFC Credit (in ₹ Trillion)



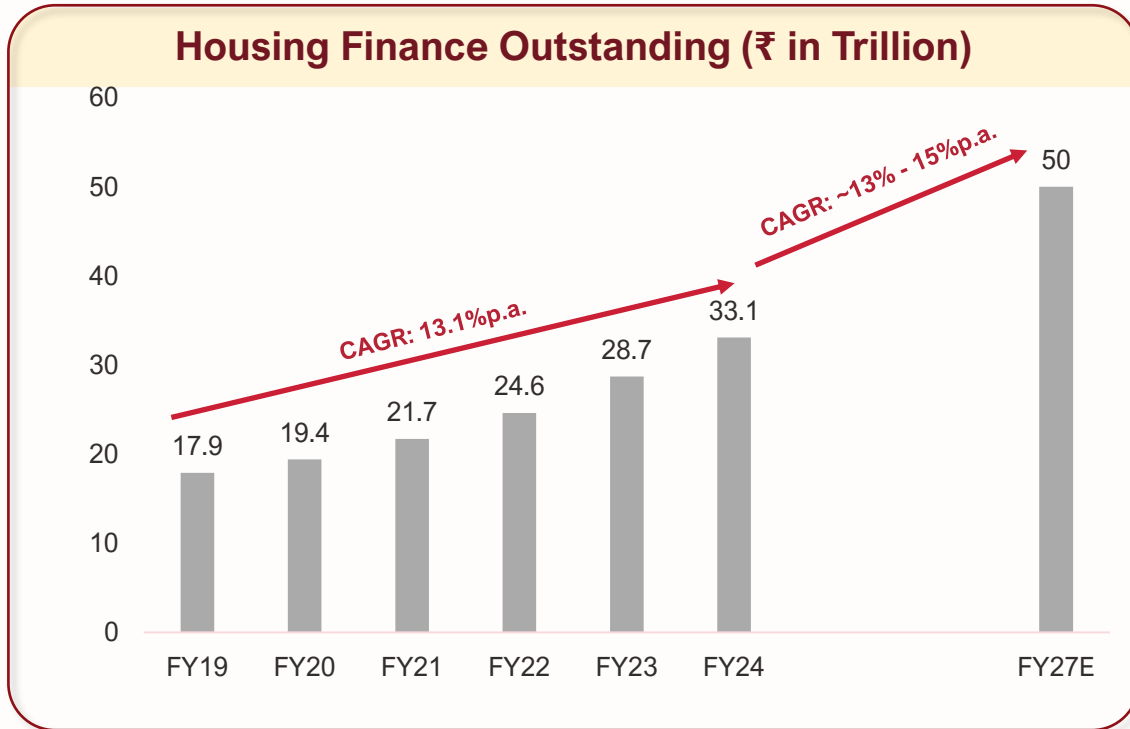
### Share of Asset Classes in Retail Credit (Banks & NBFCs)



- ❖ Strong momentum in credit demand with improving economic indicators, NBFCs are well placed to improve their book size and remain agile under RBI's regulatory regime.
- ❖ Increase in per capita income, Rural Urban demand equilibrium, smoothing inflation, credit across asset category has stayed constant, improving the portfolio mix on loan portfolio.

Source: Bajaj Housing Finance Ltd RHP, Morgan Stanley, Data as of August 2024. ABSLAMC Research.

# Housing Finance – Sustainable Trajectory



Gross NPA			
Loan Category	FY22	FY23	FY24E & FY25E
Housing Loan	2.1	1.6	1.1 to 1.2
MSME Loan	3.1	2.6	2.4 to 2.7
Auto Loan	6.6	5	4 to 4.5
Gold Loan	2.8	3	2.5 to 2.7
Affordable Housing Loan	3	2	1.5 to 1.7
MFI Loan	6	2.9	1.8 to 2

- ❖ Increasing workforce, employment dynamics, increasing female recruitments, and relocations has been amongst the major drivers for Housing demand in Tier I and II cities – Directly improving the portfolio of HFC through salaried class.
- ❖ With India becoming a Developed economy, Loan against Property can be expected to increase drastically benefitting the finance companies with collateralized Debt offerings.

Source: Bajaj Housing Finance Ltd RHP, Morgan Stanley, Data as of August 2024. ABSLAMC Research. HFC – Housing Finance company



Introducing

# Aditya Birla Sun Life

## CRISIL-IBX AAA NBFC-HFC INDEX – DEC 2025 FUND

(An open ended Target Maturity Index Fund tracking the CRISIL-IBX AAA NBFC-HFC Index – Dec 2025. A moderate interest rate risk and relatively low credit risk.)

## Overview

100% AAA  
Corporate bonds of  
NBFC – HFC Sector



Weight allocation –  
Group Capping – 25%  
Each Issuer – 15%



Selection & Ranking of  
issuers based on  
liquidity score\*



Rebalancing - semi  
annually (April &  
October)



Lookback period of 6  
months for security  
selection



Index Maturity  
- December 31,  
2025



Use buy & hold strategy  
portfolio of AAA issuers is  
held till maturity unless they  
become ineligible

- Securities in NBFC & HFC sector with minimum Issuer-level total outstanding amount of Rs. 750 crores
- Minimum security level amount outstanding of Rs. 100 crores.

Please refer to the index disclaimer// \*Please refer to the SID for further detailed methodology CRISIL Index Methodology – [Click Here](#) / \*Liquidity score will be calculated based on the volume traded (70%), number of trades (15%) and days traded (15%) in the previous quarter

# Index Composition Details



## MUTUAL FUNDS

Issuer	Maturity Date	Weightage	YTM	Sector	Mod Duration (years)	Maturity (years)	Coupon
Bajaj Finance Ltd.	17-Nov-25	6.67%	8.00%	NBFC	0.99	1.13	7.90
Tata Capital Ltd.	18-Nov-25	6.67%	7.99%	NBFC	1.00	1.13	7.89
HDB Financial Services Ltd.	11-Aug-25	6.67%	8.07%	NBFC	0.81	0.86	7.70
Kotak Mahindra Prime Ltd.	12-Dec-25	6.67%	8.07%	NBFC	1.06	1.20	7.80
Bajaj Housing Finance Ltd.	21-Jul-25	6.67%	7.89%	HFC	0.76	0.80	7.65
LIC Housing Finance Ltd.	30-Jul-25	6.67%	7.83%	HFC	0.79	0.83	7.61
Axis Finance Ltd.	26-Dec-25	6.67%	8.02%	NBFC	1.09	1.24	8.30
L&T Finance Holdings Ltd.	28-Jul-25	6.67%	8.02%	NBFC	0.78	0.82	7.95
Sundaram Finance Ltd.	22-Sep-25	6.67%	7.98%	NBFC	0.92	0.98	7.89
ICICI Home Finance Co. Ltd.	24-Nov-25	6.67%	8.04%	HFC	1.01	1.15	7.95
Tata Capital Housing Finance Ltd.	3-Nov-25	6.67%	7.87%	HFC	0.96	1.09	7.97
Mahindra & Mahindra Financial Services Ltd.	21-Nov-25	6.67%	8.02%	NBFC	1.00	1.14	8.10
SMFG India Credit Co. Ltd.	15-Sep-25	6.67%	8.17%	NBFC	0.90	0.96	8.30
Kotak Mahindra Investments Ltd.	18-Jul-25	6.67%	8.02%	NBFC	0.74	0.79	8.11
Aditya Birla Finance Ltd.	18-Aug-25	6.67%	8.01%	NBFC	0.84	0.88	7.50

Index Yield	8.0%
Index Modified Duration	0.91
Group Max Weight	25%
Group Current Weight	13.33%
Issuer Max Weight	15%
Issuer Current Weight	6.67%
Issuers Limits	8-15
Current Issuers	15

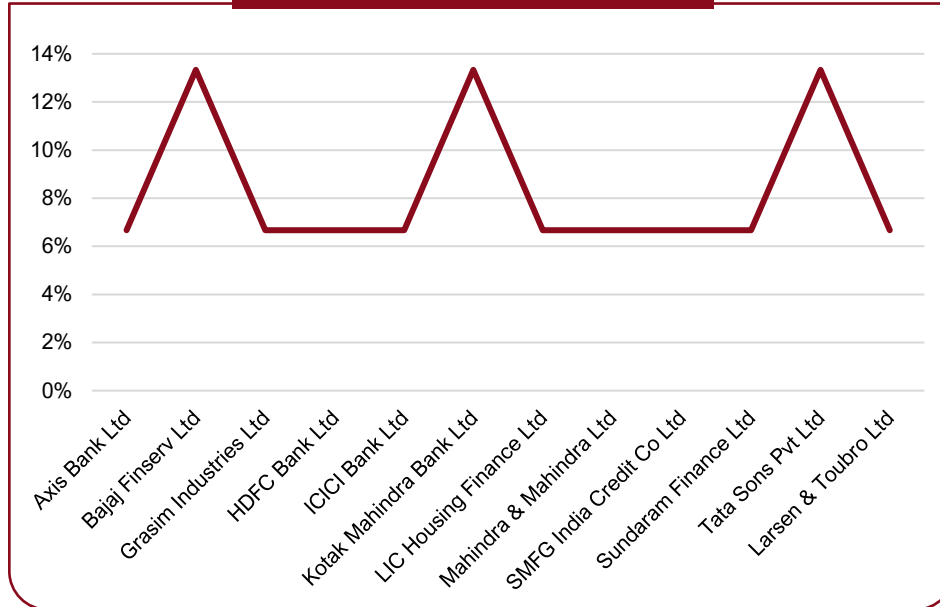
Source: CRISIL and Bloomberg, Data as per 23<sup>rd</sup> September 2024 | CRISIL Index Methodology & Constituents – [Click Here](#)



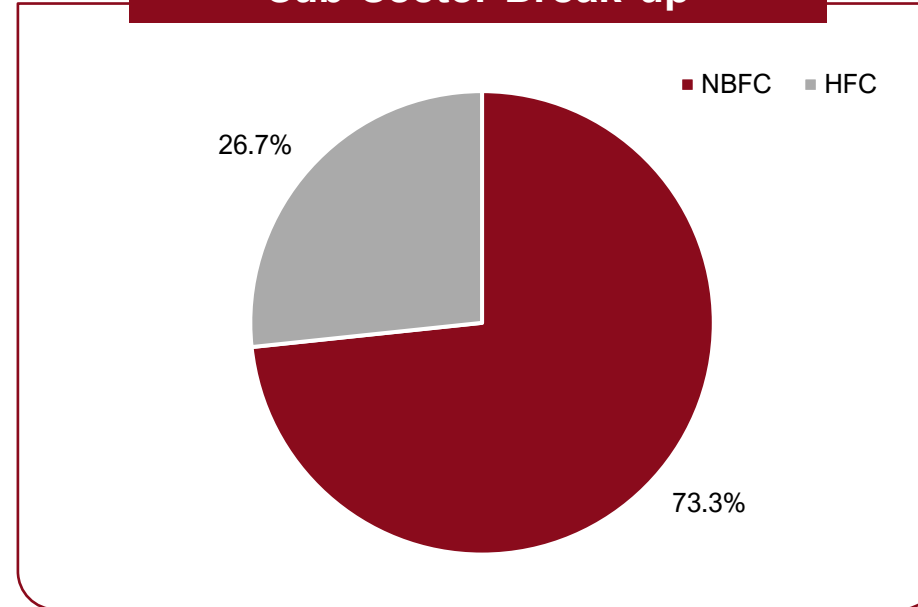


# Index Portfolio Dynamics

## Group Weight



## Sub-Sector Break-up



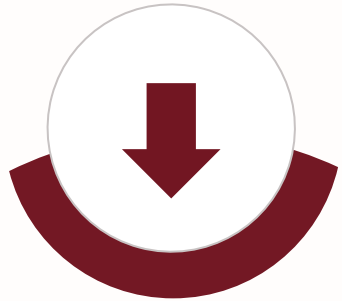
## Core Stability

- Max 15 Securities, starts out as equally weighted
- In case of a rating downgrade of any issuer, the issuer will be excluded within 5 days and the weight will be distributed across other issuers, subject to caps
- New entrant to reach in top 5 on previous quarters liquidity score for inclusion



# Key Reasons To Invest in Sectorial Target Maturity Funds

Potential Benefit from Price return with the fall in yields



Corporate bond yields and liquidity relatively balanced



Liquidity available during the tenure of the fund



Credit risk limited to AAA rated securities related to Financial Services Sector








Relatively better on Risk Reward basis with relatively higher yields



Roll down strategy - apt in the current interest rate environment



# Sectorial Target Maturity Funds – A comparison

	Basis	Closed-ended FMP	Debt Index Funds	Sectorial Target Maturity Funds
	<b>Fund Management</b>	<b>Active management with buy &amp; hold strategy</b>	<b>Passively managed</b>	<b>Passively managed, with defined maturity</b>
	<b>Regulatory focus</b>	Compliance with MF Regulation	Compliance with MF Regulation, subject to tracking errors*	Compliance with MF Regulation, subject to tracking errors*
	<b>Portfolio Construction</b>	MF limits apply dependent on fund manager view	MF limits apply as per methodology provided by index provider	Focused on sector. Limits apply as per methodology by index provider
	<b>Liquidity</b>	*Lock-in funds - Entry at NFO & Exit at maturity Date only	Available through Fund house, subject to exit loads	Available through Fund house, subject to exit loads
	<b>Key product proposition</b>	Intended to deliver target return over fixed period	Aims to deliver accrual portfolio return over period Investors can benefit from interim MTM (Mark to Market)	Focus exposure within a specific sector for higher visibility of risk and a targeted return profile

\*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.\*This is applicable in case of direct investment from Fund House



# Scheme Details



MUTUAL FUNDS

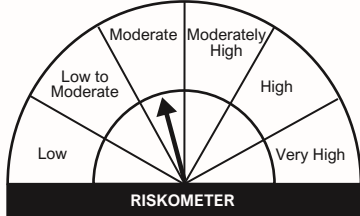
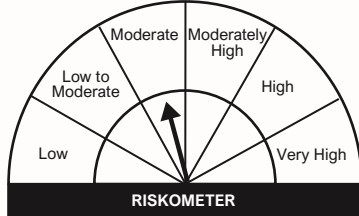
Scheme	ADITYA BIRLA SUN LIFE CRISIL-IBX AAA NBFC-HFC INDEX – DEC 2025 FUND		
Type of Scheme	An open ended Target Maturity Index Fund tracking the CRISIL-IBX AAA NBFC-HFC Index –Dec 2025. A moderate interest rate risk and relatively low credit risk		
Investment Objective	The investment objective of the scheme is to generate returns corresponding to the total returns of the securities as represented by the CRISIL-IBX AAA NBFC-HFC Index – Dec 2025 before expenses, subject to tracking errors. The Scheme does not guarantee/indicate any returns. There is no assurance or guarantee that the investment objective of the Scheme will be achieved.		
Investment Strategy	The Scheme follows a passive investment strategy. The Scheme will replicate income over the target maturity period of its underlying index i.e. CRISIL-IBX AAA NBFC-HFC Index – Dec 2025, subject to tracking errors. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. Accordingly, the Scheme will invest in securities in line with the benchmark index of the Scheme.		
Asset Allocation	Instrument	Allocation (% of total Assets)	
		Minimum	Maximum
	Instruments forming part of the CRISIL-IBX AAA NBFC-HFC Index – Dec 2025	95%	100%
	Debt and Money Market Instruments (including cash and cash equivalent)	0%	5%
Plans Offered	Regular & Direct Plan		
Options Offered	IDCW* (Payout of IDCW) & Growth Options		
Facilities Offered	SIP, STP & SWP		
Minimum Application	Minimum of ₹ 1000 & in multiples of ₹ 100 thereafter		
Benchmark Index	CRISIL-IBX AAA NBFC-HFC Index – Dec 2025		
Load	Entry Load: Nil   Exit Load: Nil		
Fund Manager	Mr. Sanjay Godambe and Mr. Mohit Sharma		

Please refer to the index disclaimer// \*Income Distribution cum Capital Withdrawal Option. For more information, please refer the SID & KIM of the Scheme

## Aditya Birla Sun Life

# CRISIL-IBX AAA NBFC-HFC Index – Dec 2025 Fund

(An open ended Target Maturity Index Fund tracking the CRISIL-IBX AAA NBFC-HFC Index – Dec 2025. A moderate interest rate risk and relatively low credit risk.)

This product is suitable for investors who are seeking*:	Scheme Riskometer	Benchmark Risk-o-meter CRISIL-IBX AAA NBFC-HFC Index – Dec 2025
<ul style="list-style-type: none"> <li>Income over the target maturity period</li> <li>An open ended Target Maturity Index Fund that seeks to track CRISIL-IBX AAA NBFC-HFC Index – Dec 2025, subject to tracking errors</li> </ul>	 <p>Investors understand that their principal will be at <b>Moderate</b> risk</p>	
<p>*Investors should consult their financial advisors if in doubt whether the product is suitable for them.</p>		

Potential Risk Class			
Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk of Scheme ↓			
Relatively Low (Class I)			
Moderate (Class II)	A-II		
Relatively High (Class III)			

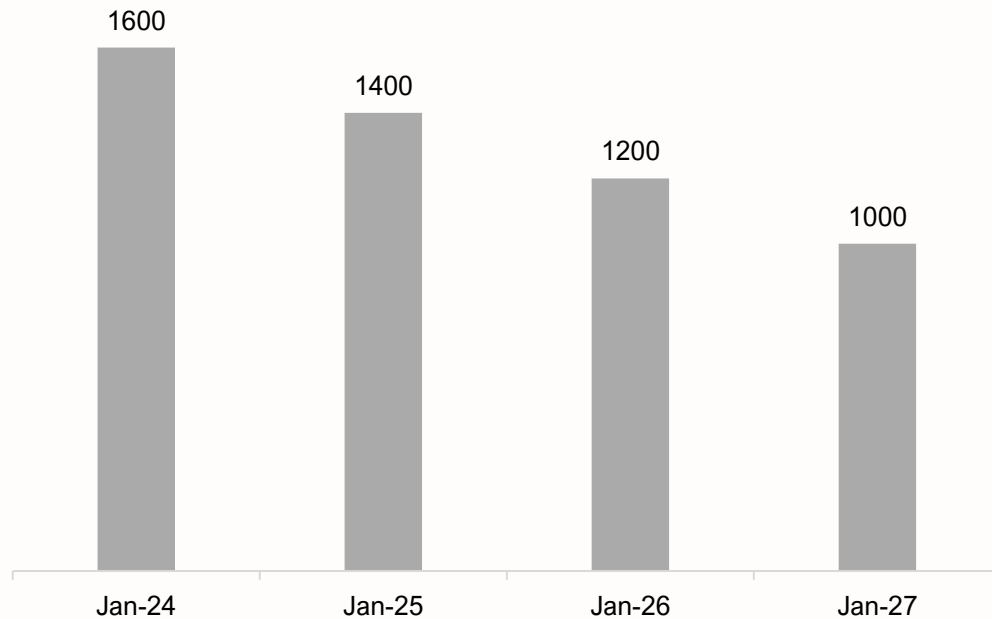
The product labelling assigned during the NFO is based on internal assessment of the Scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Please refer to the index disclaimer// \*Please refer to the SID for further detailed methodology

# Appendix



## Illustration of Roll-down Strategy



**Roll Down/Run Down** is an accrual strategy 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.

Source: ABSLAMC Research. Example is just for illustrative purpose and does not signify any factual data used

**THANK YOU**





**Past performance may or may not be sustained in the future. For more details, please refer the SID / KIM of the scheme.**

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