

NFO

Leverage **Tactical Opportunities** in the **Interest Rate Cycles!**

Designed for investors seeking exposure to bonds, Government securities and other Debt & Money Market Instruments within a debt portfolio.



MIRAE ASSET
Mutual Fund

Mirae Asset Long Duration Fund

(An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is greater than 7 years (please refer to page no. 12 of SID for details on Macaulay's Duration). A relatively high interest rate risk and relatively low credit risk)

NFO opens on: **21st November 2024**

NFO closes on: **2nd December 2024**

Scheme re-opens for continuous Sale and Repurchase on: **9th December 2024**

India- A Structural Growth Story

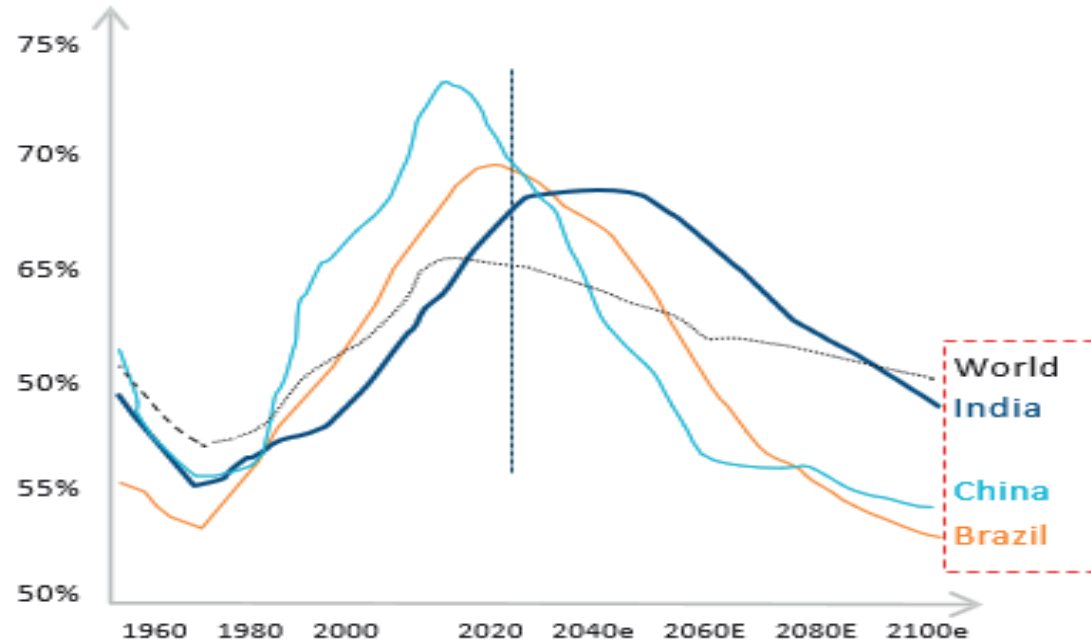
India - A Growth Opportunity, expected to be 3rd largest by 2027

	CY'05	CY'10	CY'15	CY'20	CY'23	CY'27	GDP (\$tr)
1	US	US	US	US	US	US	31.5
2	Japan	China	China	China	China	China	23.6
3	Germany	Japan	Japan	Japan	Germany	India	5.4
4	UK	Germany	Germany	Germany	Japan	Germany	5.3
5	China	France	UK	UK	India	Japan	4.9
6	France	UK	France	India	UK	UK	4.3
7	Italy	Brazil	India	France	France	France	3.5
8	Canada	Italy	Italy	Italy	Italy	Brazil	2.6
9	Spain	India	Brazil	Canada	Brazil	Canada	2.5
10	South Korea	Russia	Canada	South Korea	Canada	Italy	2.5
11	Mexico	Canada	South Korea	Russia	Russia	Mexico	2.3
12	Brazil	Spain	Russia	Brazil	Mexico	South Korea	2.0
13	India	Australia	Australia	Australia	South Korea	Russia	1.9
India / World	3.3%	4.9%	5.1%	5.6%	5.4%	7.6%	
India per capita							
GDP Rank	133	124	124	121	119	117	

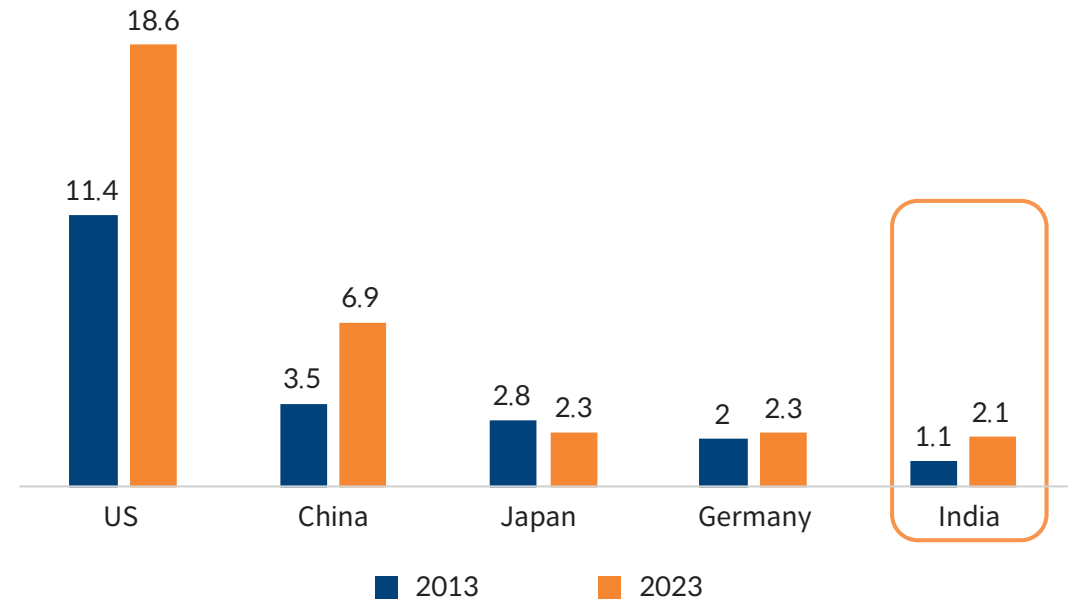
What may take us there?

An increase in working age population is already showing increase in consumption trends

Share of working age population in total population (%)

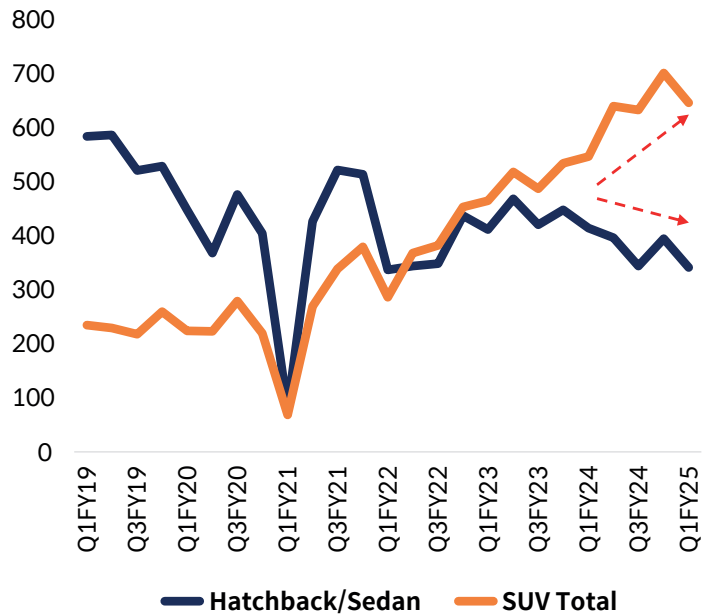


Global Consumption Market (USD trillion)

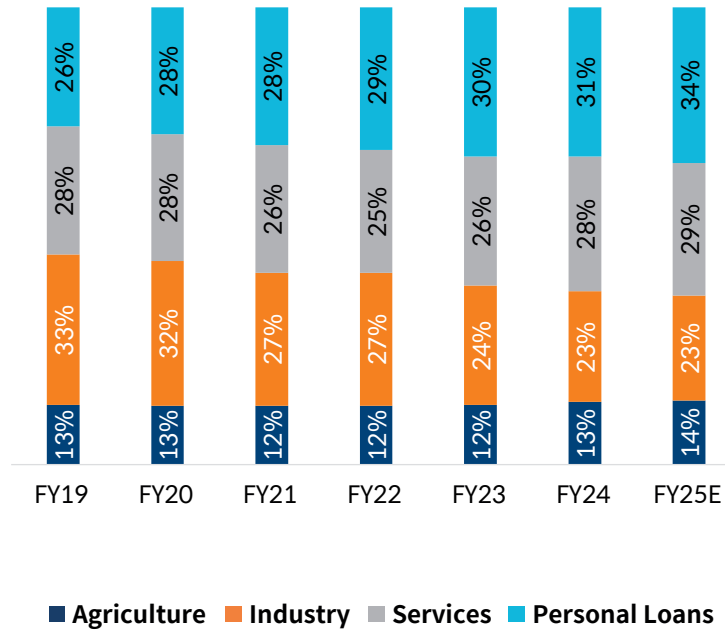


How consumer spending pattern is changing...

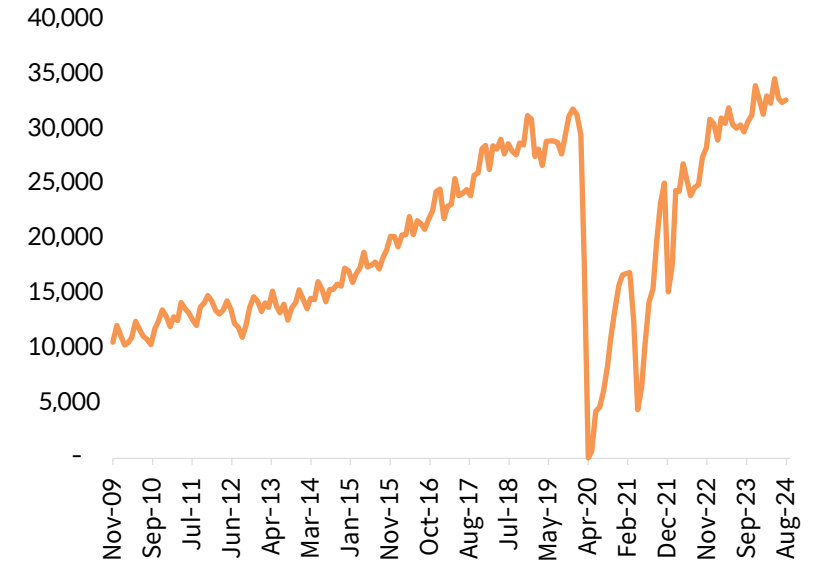
Passenger Vehicle Sales
(in 000's)



The mix is changing



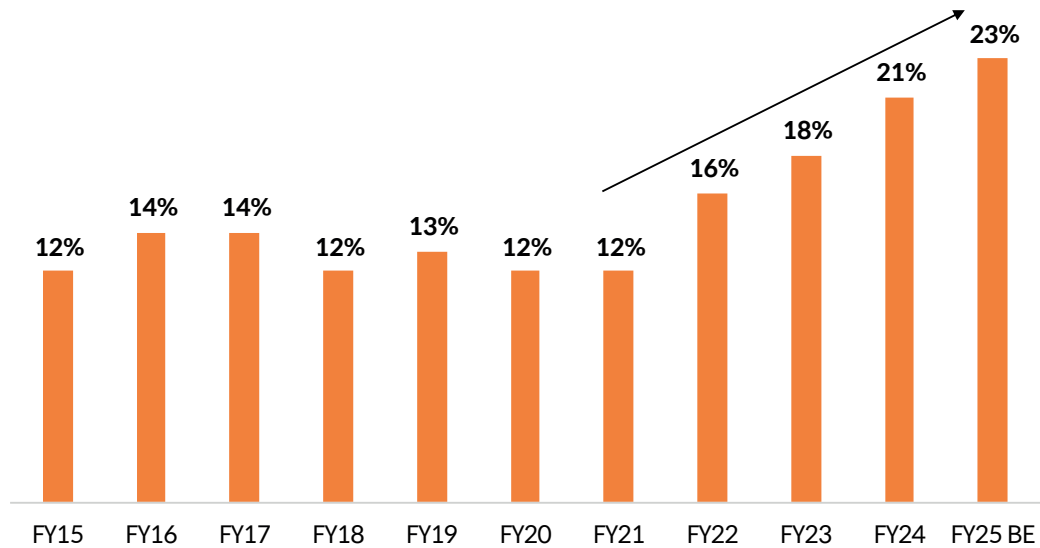
Passenger Traffic: All Airports
(in 000's)



Government Already on it...

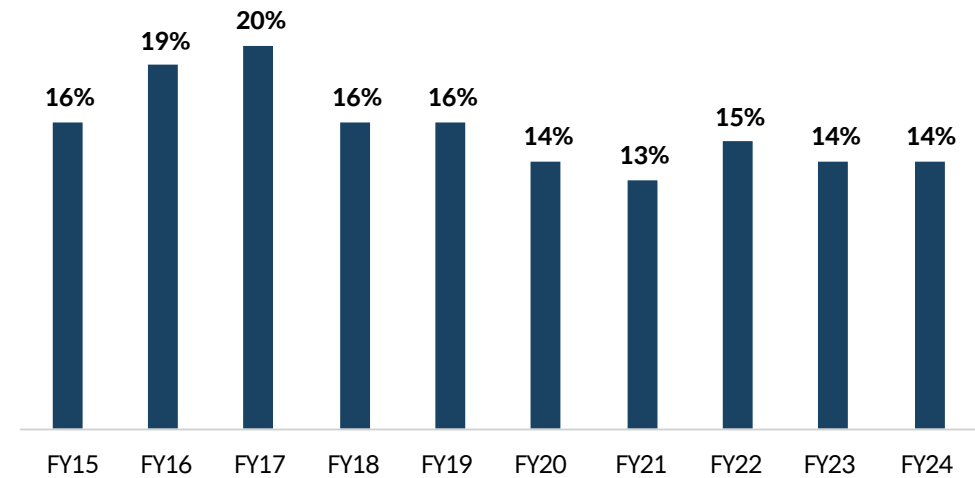
Central Govt Expenditure has shown drastic improvement

Government Capex as %age of total expenditure



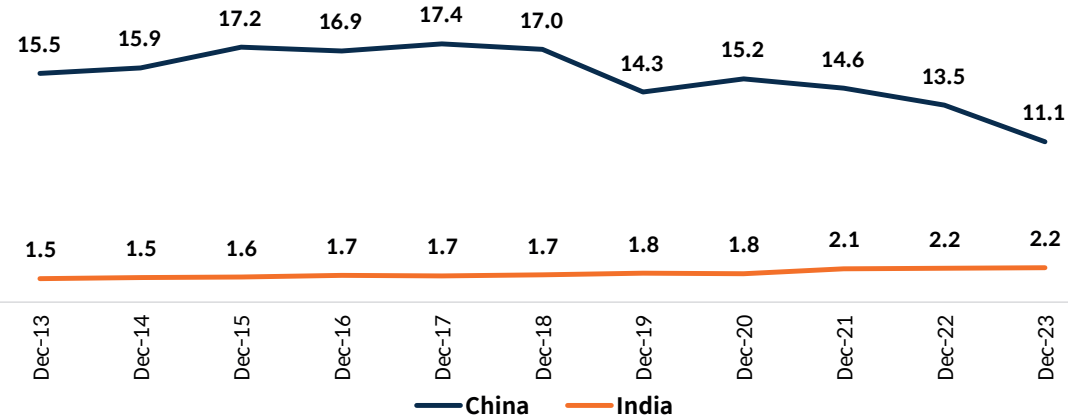
State Govt yet to pick up, but maintained the spending quality

State Government Capex as %age of total expenditure

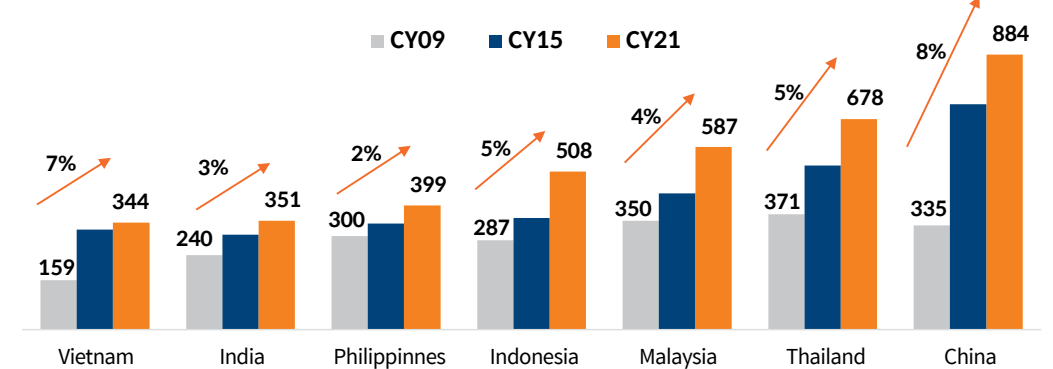


India Manufacturing Push

US goods imports from China falling while India is gradually rising (%)



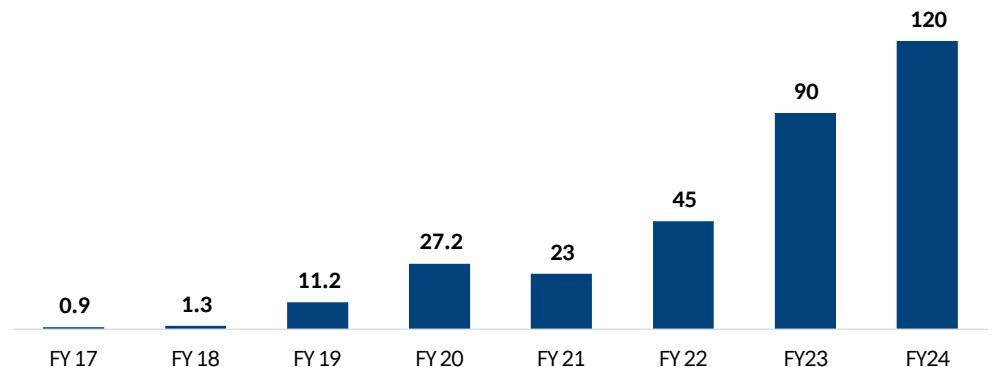
Manufacturing wages (\$/Month)



PLI Outlay (Rs. 000' Crs)

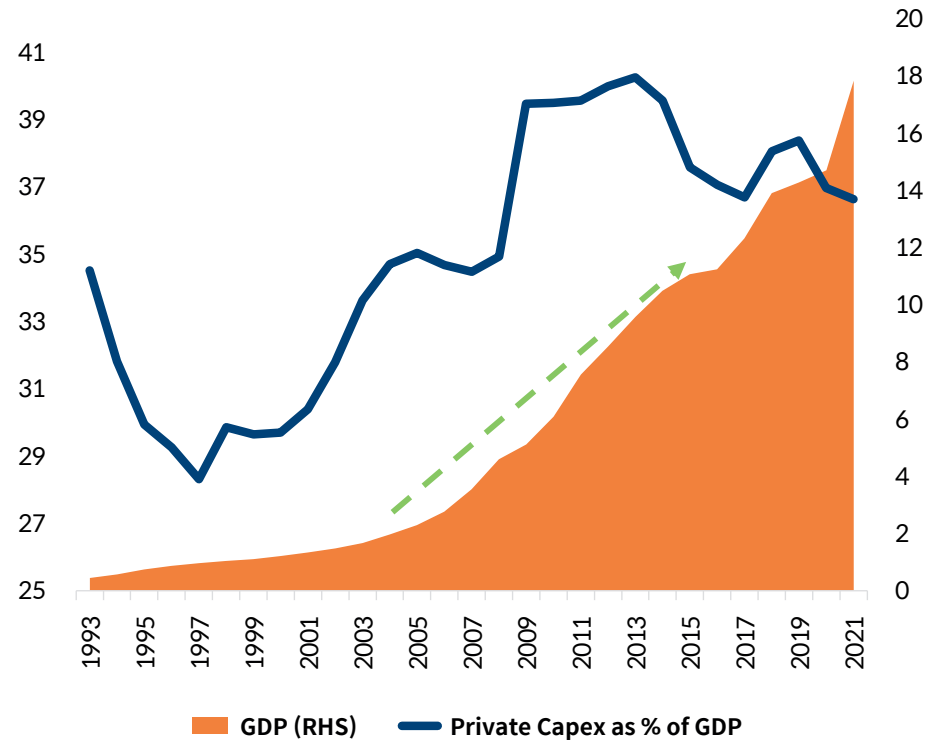
Sector	Outlay	Capex
Adv Chem Cells	18.1	45.0
Auto & Auto Anc.	25.9	42.5
Food processing	10.9	6.0
KSM/API/DI	6.9	5.4
Mobile phones	41.0	10.0
Electronic Comp.	15.0	1.2
Pharma Drugs	76.0	15.0
Semiconductor	24.0	135.0
Solar PV cells	6.3	99.0
Specialty steel	12.2	39.6
Telecom Infra	10.7	3.1
Textiles	5.1	19.0
White goods	7.9	7.9
Total	252.1	428.7

Rapid rise in Mobile Phone Exports from India (Rs. 000' Crs)

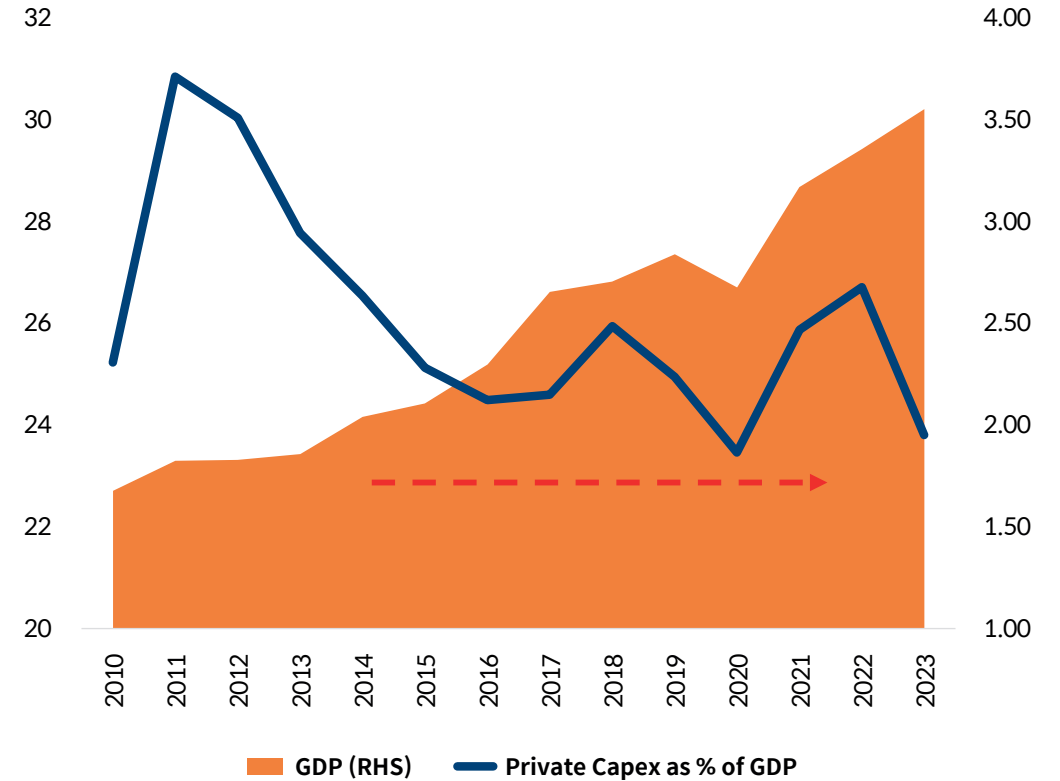


The Added Opportunities

China Growth Story also supported by Private Capex

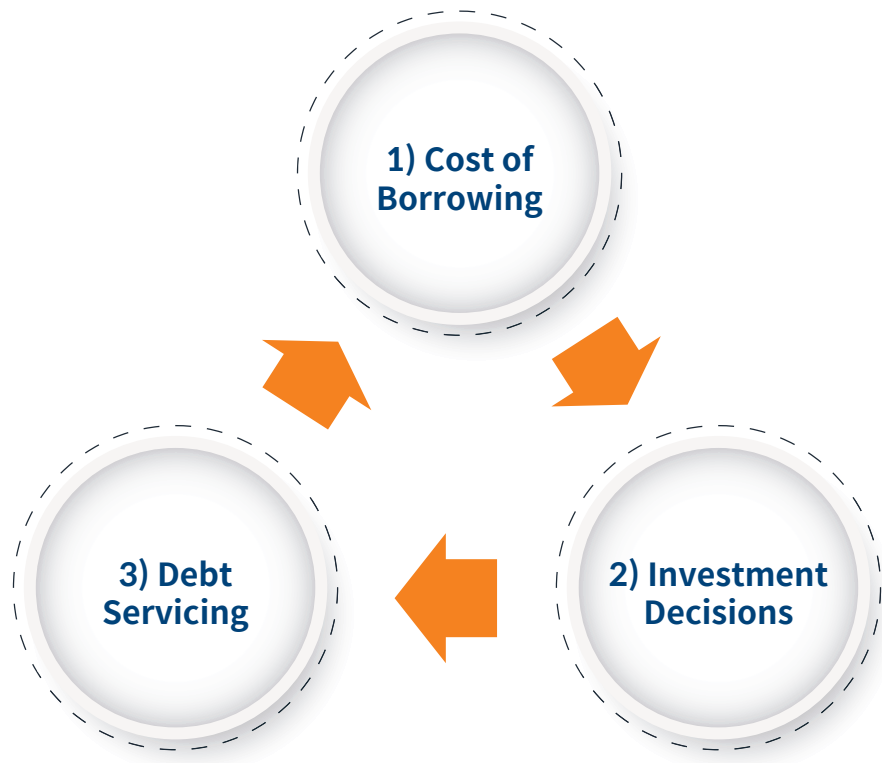


India Yet to get there



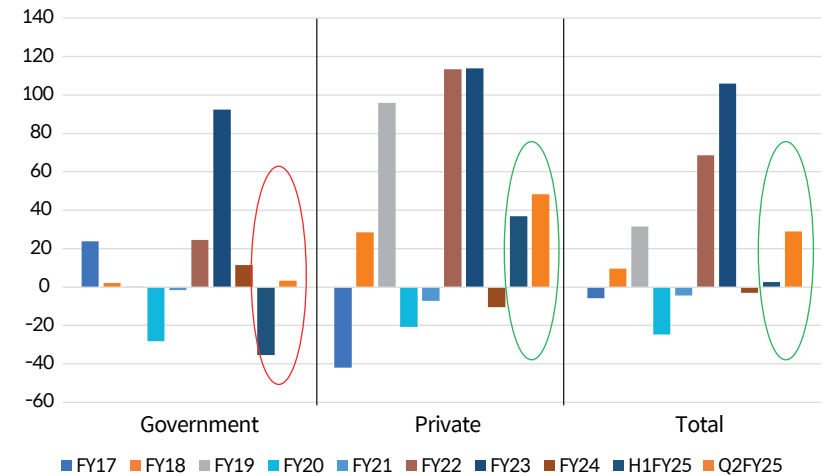
What drives Capex?

The role of Interest Rates in Business Financing & Corporate Investments

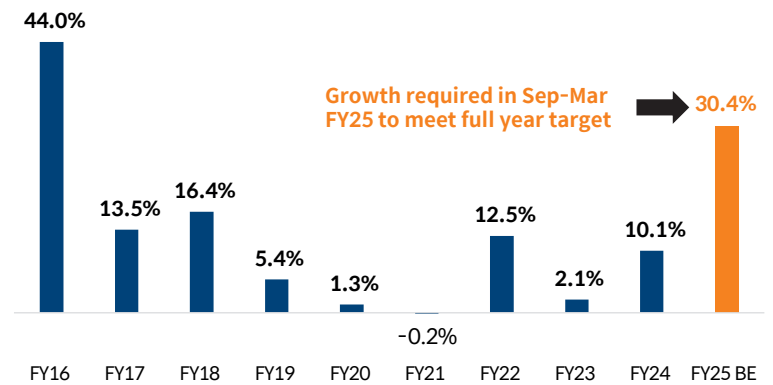


Source: Citi Research, MoF, RBI, CEIC, Latest data available, BE: Budget Estimates.

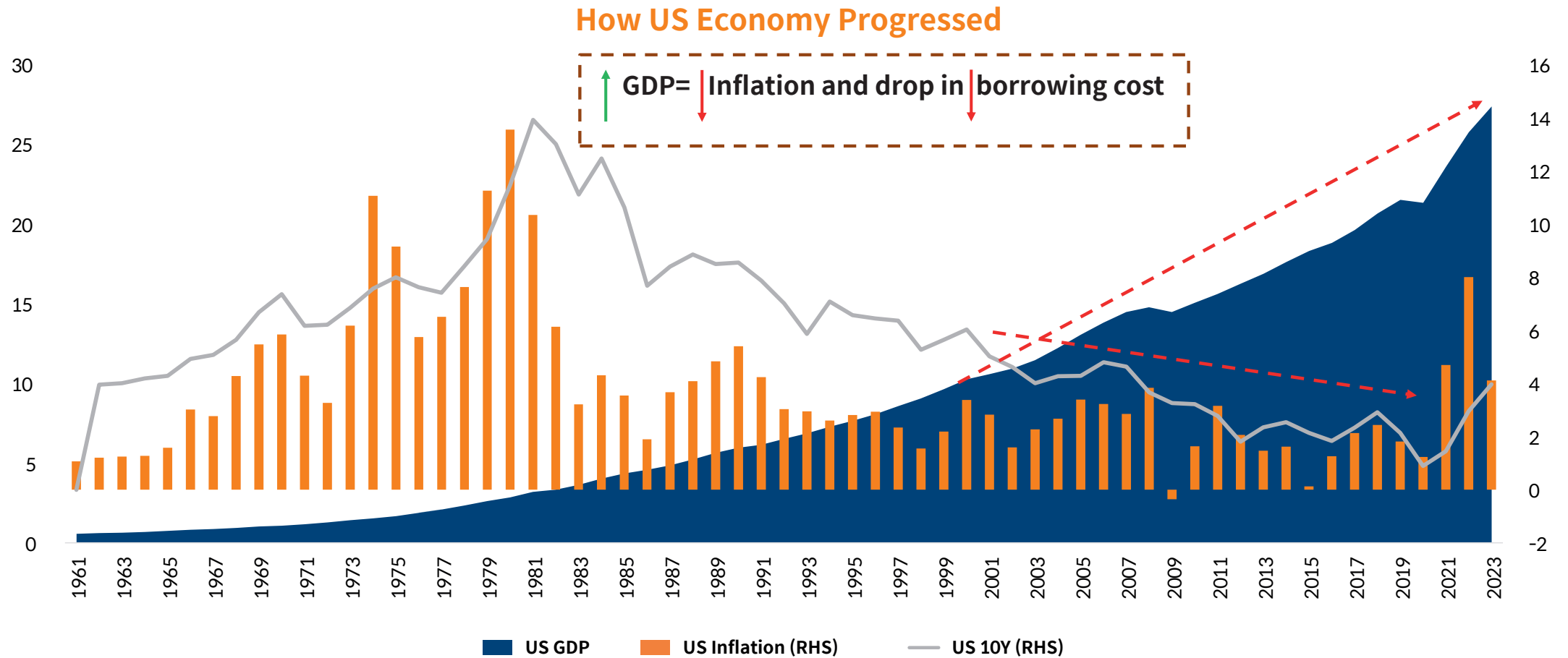
New investment announcements: by ownership (%YoY)



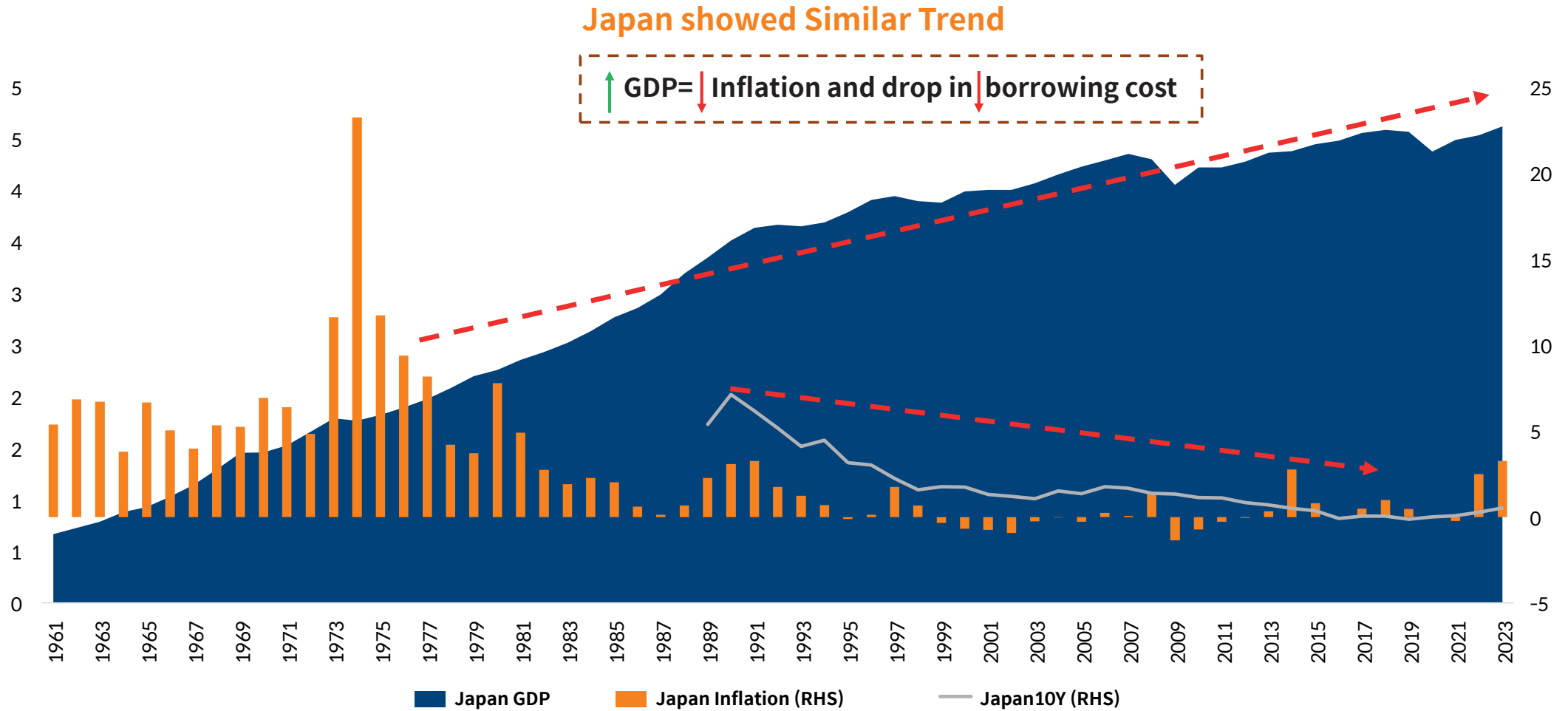
Growth in General Government Capex in Sep-Mar period (YoY)



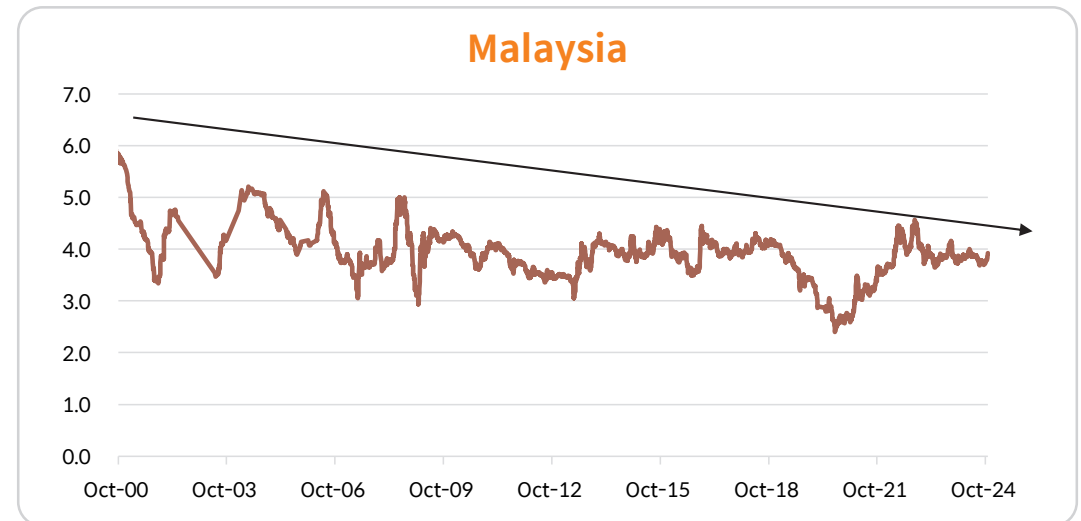
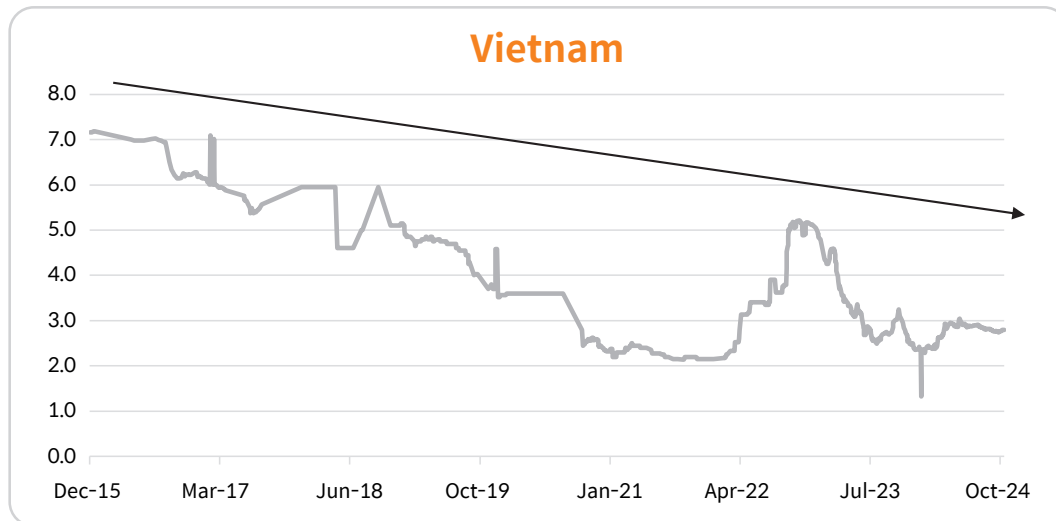
Case Study 1: USA



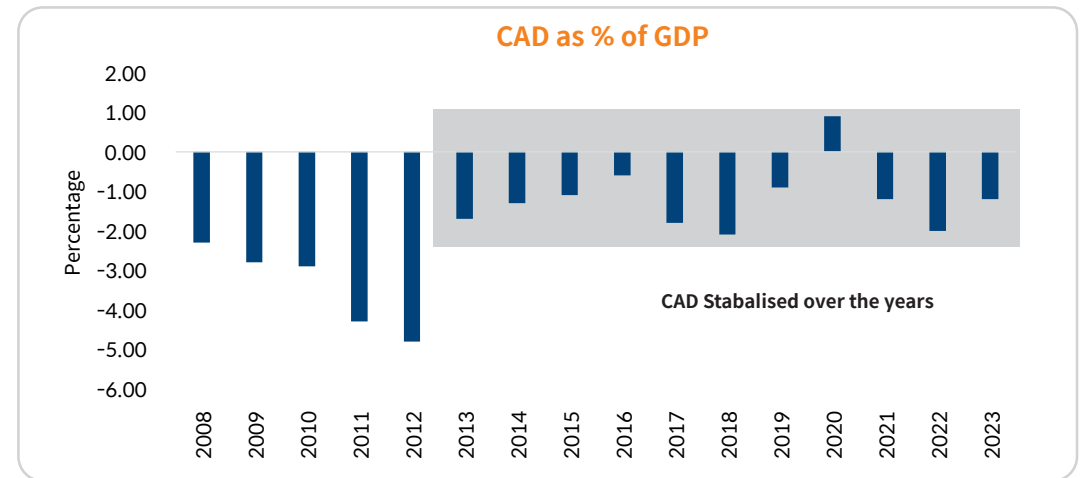
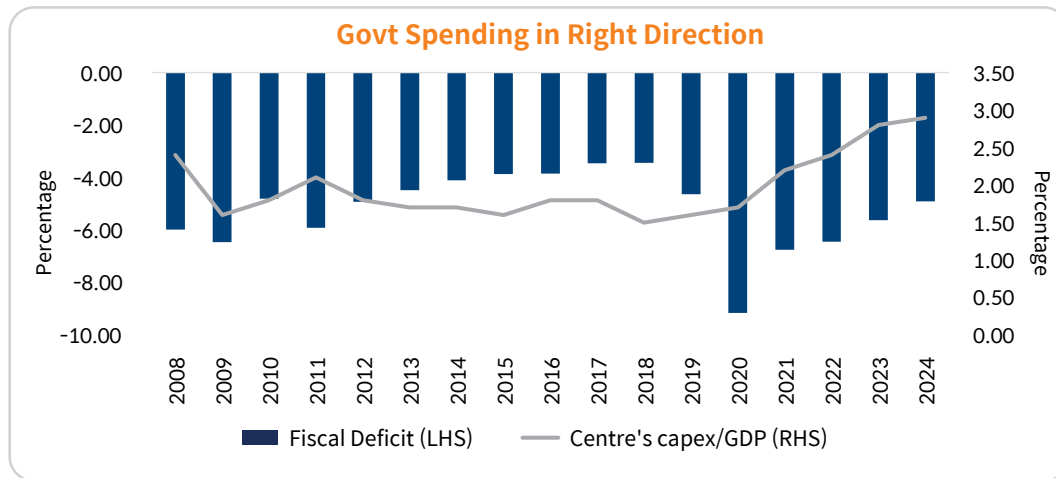
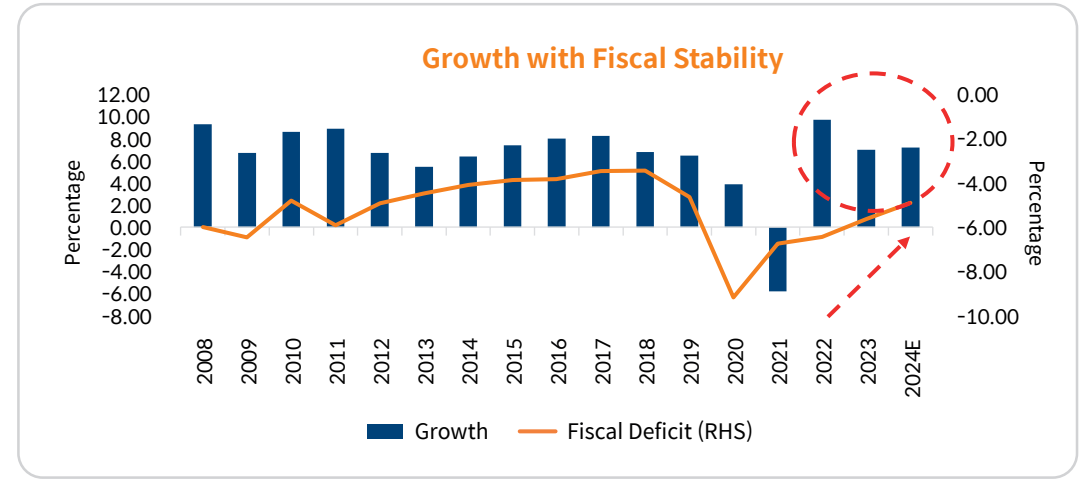
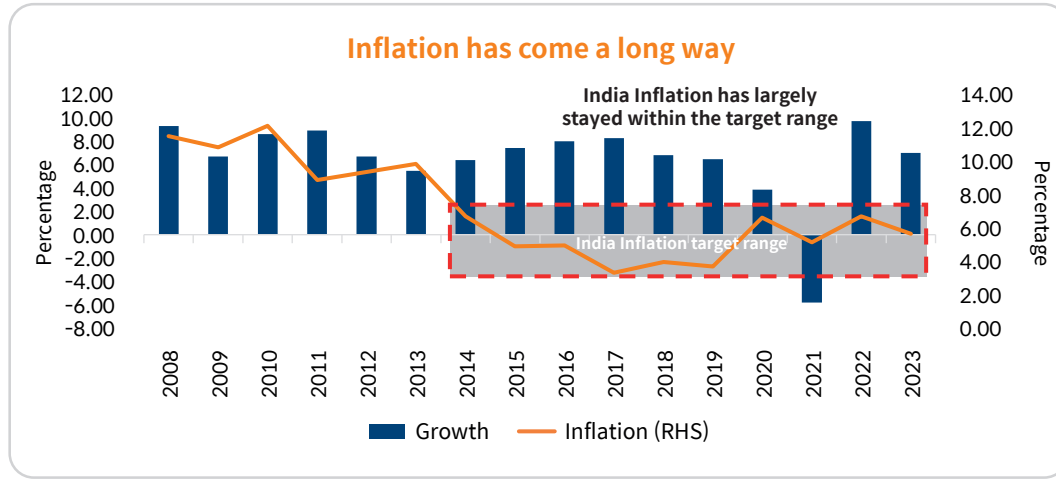
Case Study 2: Japan



Some Emerging Market Economies where interest rates have declined



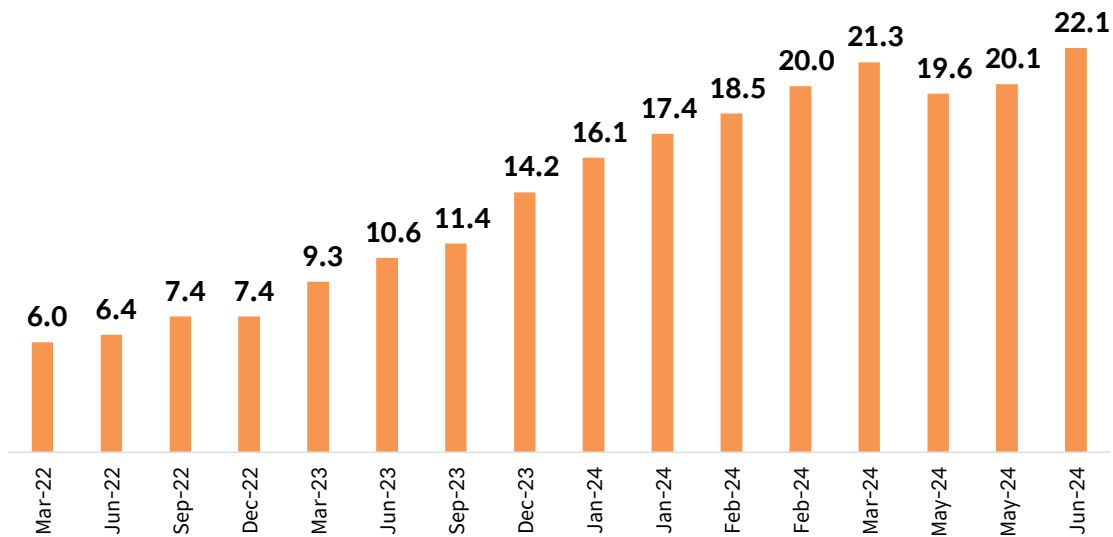
India ensuring Macro-economic stability



Inclusion of IGBs in Global Fixed Income Indices

Foreign Inflows has shown tremendous confidence

Outstanding FPI holding in Indian Government Bonds (IGBs) under FAR (USD Bn)



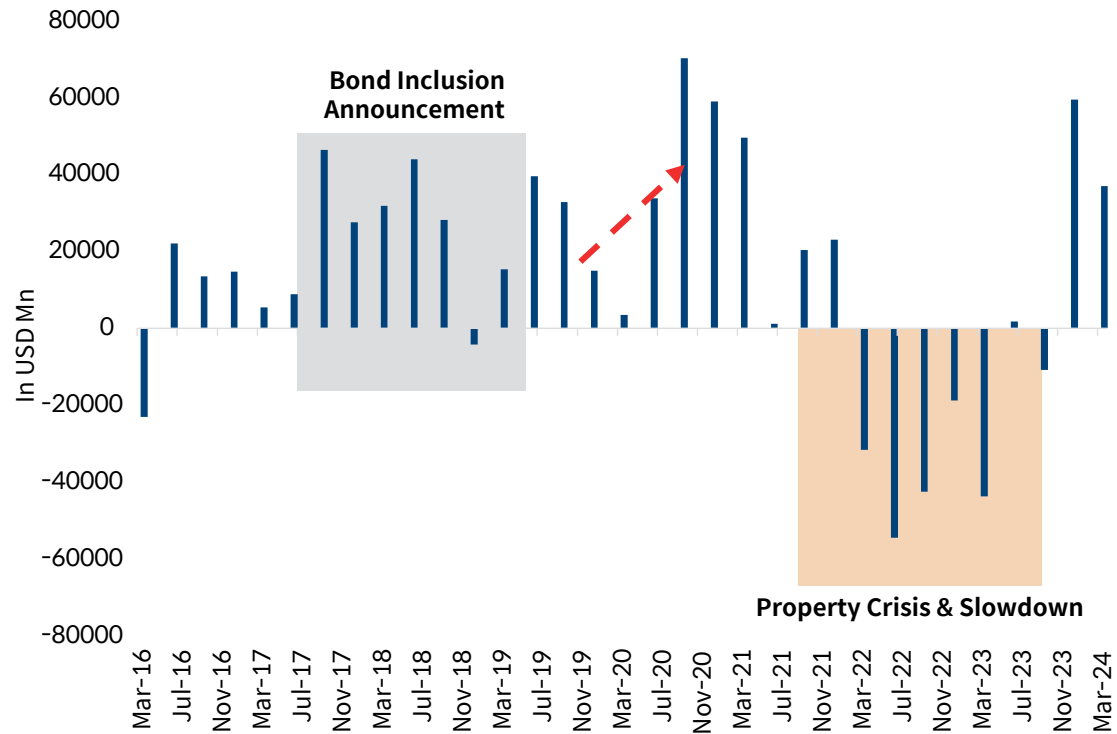
Bond inclusion dates



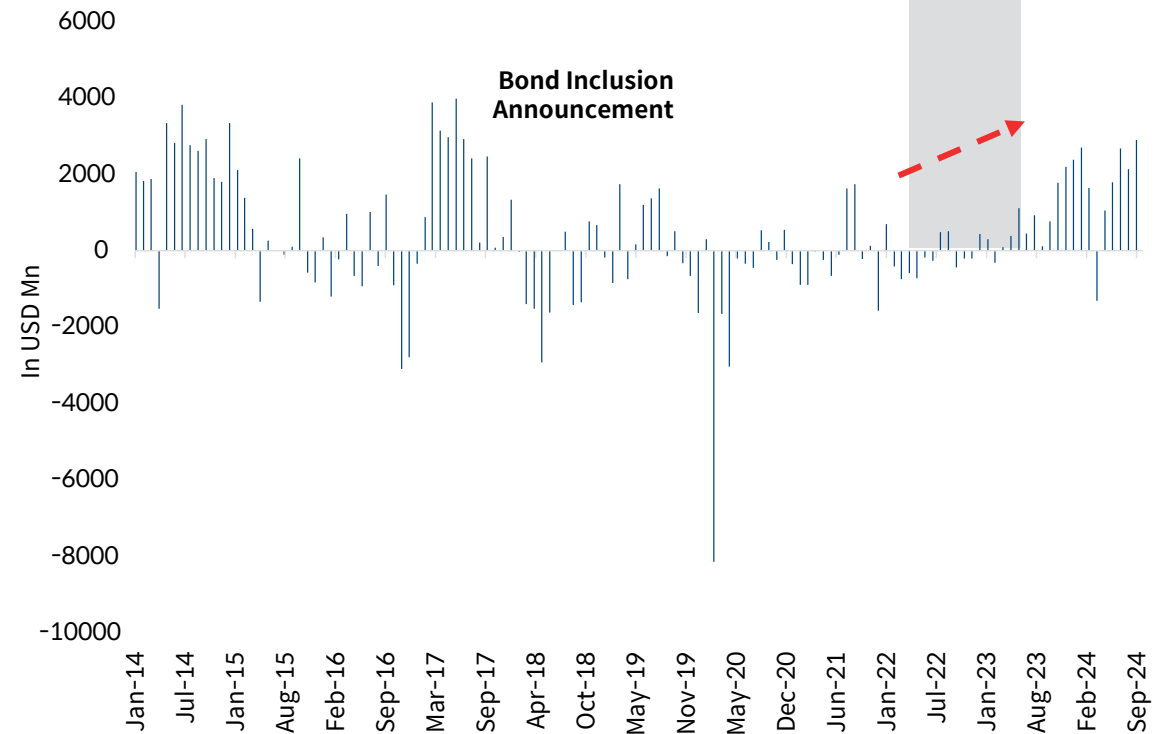
Increased flows from FPIs in IGBs may aid in further decline in interest rates

Bond Inclusion, just a beginning

China Bond Market Foreign Inflows



India Bond Market Foreign Inflows



FPI Investment Framework

Voluntary Retention Route:

- Investments permitted into Government Securities as well as Corporate Debt
- Minimum Retention period of 3 years

General Investment Limit:

- Investments permitted into Government Securities as well as Corporate Debt
- Long-term FPI category - for the official sector (government agencies, central banks, and other such institutions)
- General FPI category - For all other investors such as global real money and fast money investors
- Quotas are subject to a security-wise cap of 30% of the outstanding amount of that specific IGB (Indian Government Bonds)

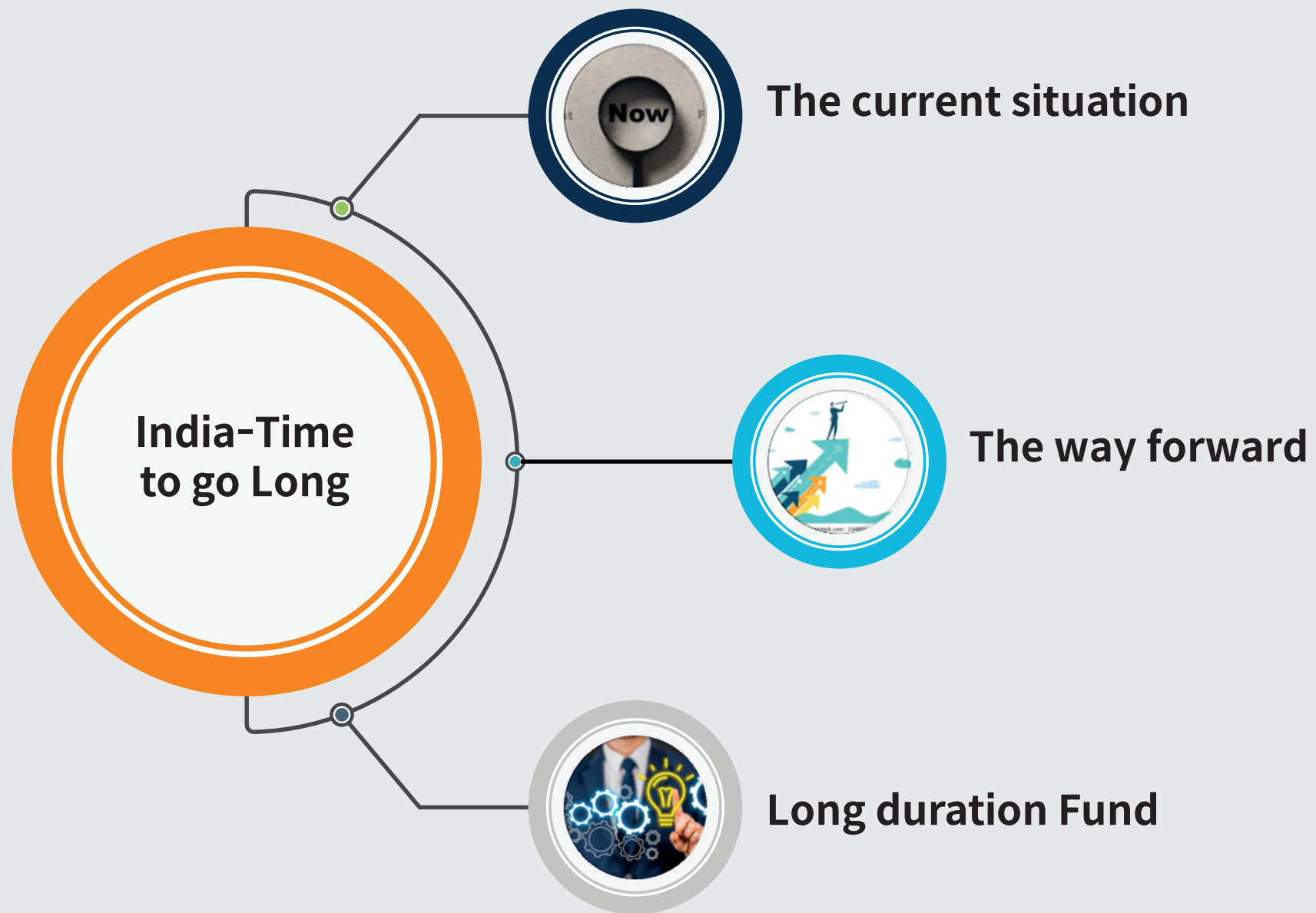
Fully Accessible Route (FAR):

- Investments permitted into Government Securities
- Investment via the FAR route is open to all categories of foreign investors
- No security-wise cap or holding period limitations
- Overall investment via this route is limited only by the issuance in this category
- In July 2022, the RBI widened the scope of FAR for non-resident investment in government bonds to include 7-year and 14-year securities. Earlier, only 5-year, 10-year and 30-year securities were eligible for FAR.

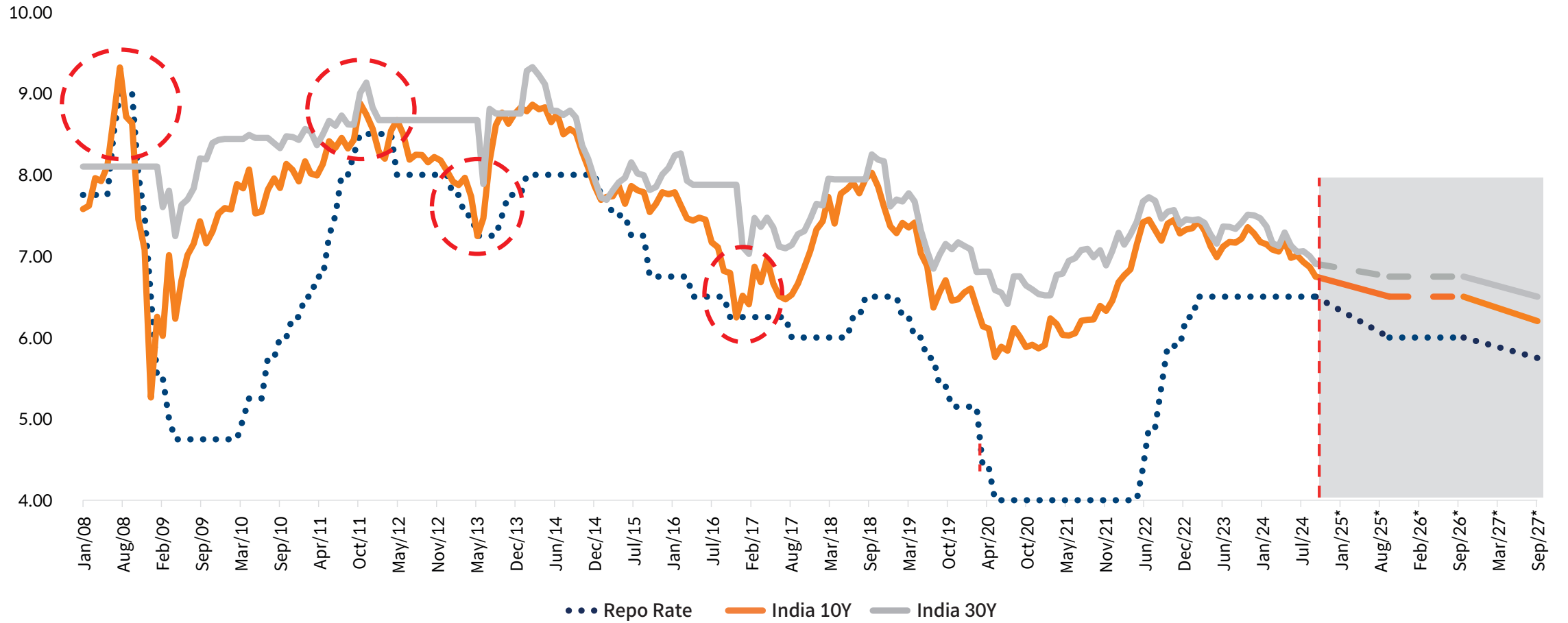
Extension of trade matching window: Trade matching window extended by 3-hours post markets for FPIs.

Margin Posting for IGBs trade: Custodians are now allowed to post margins related to IGBs trade on behalf of FPIs.

Flexible settlement cycle: Authorities have added more flexibility on the settlement cycle, allowing FPIs to settle OTC secondary market trade either on T+1 or T+2.

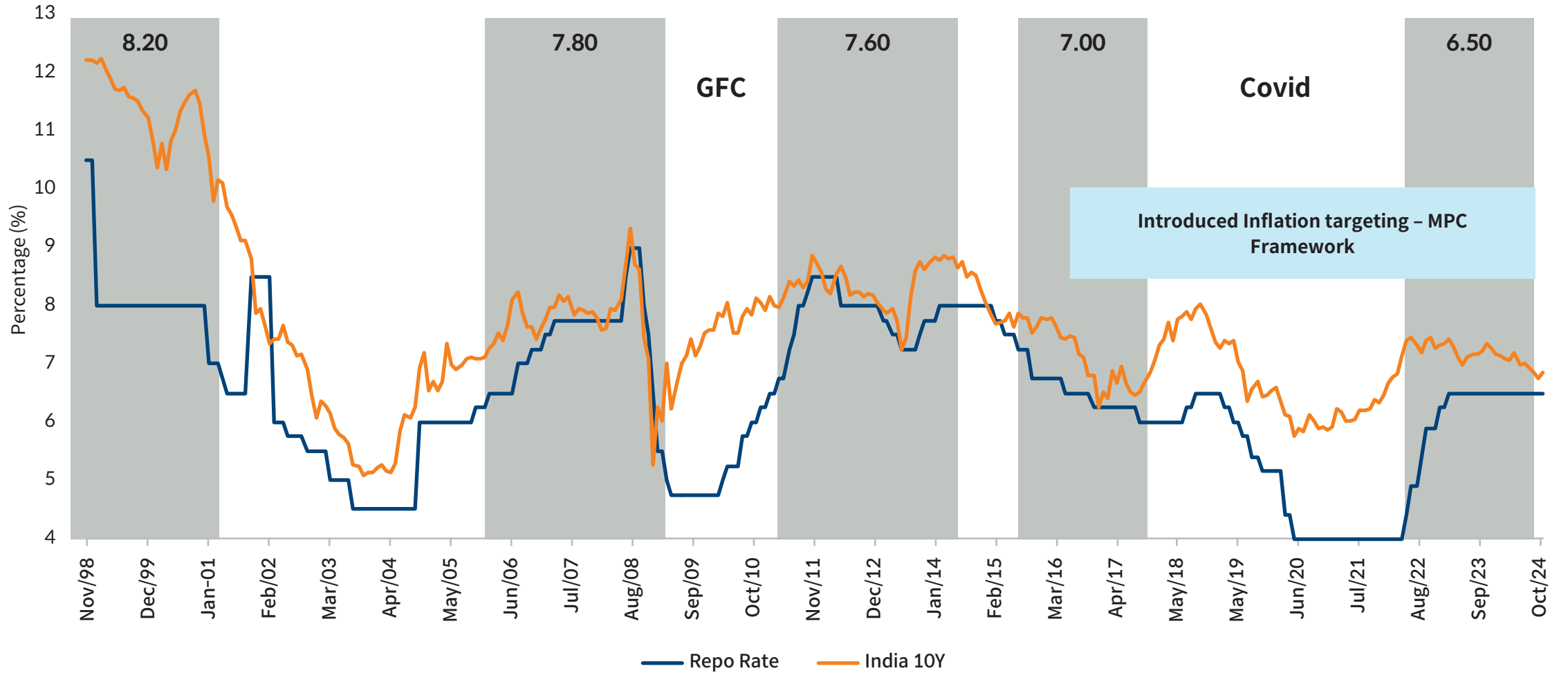


The Near Term



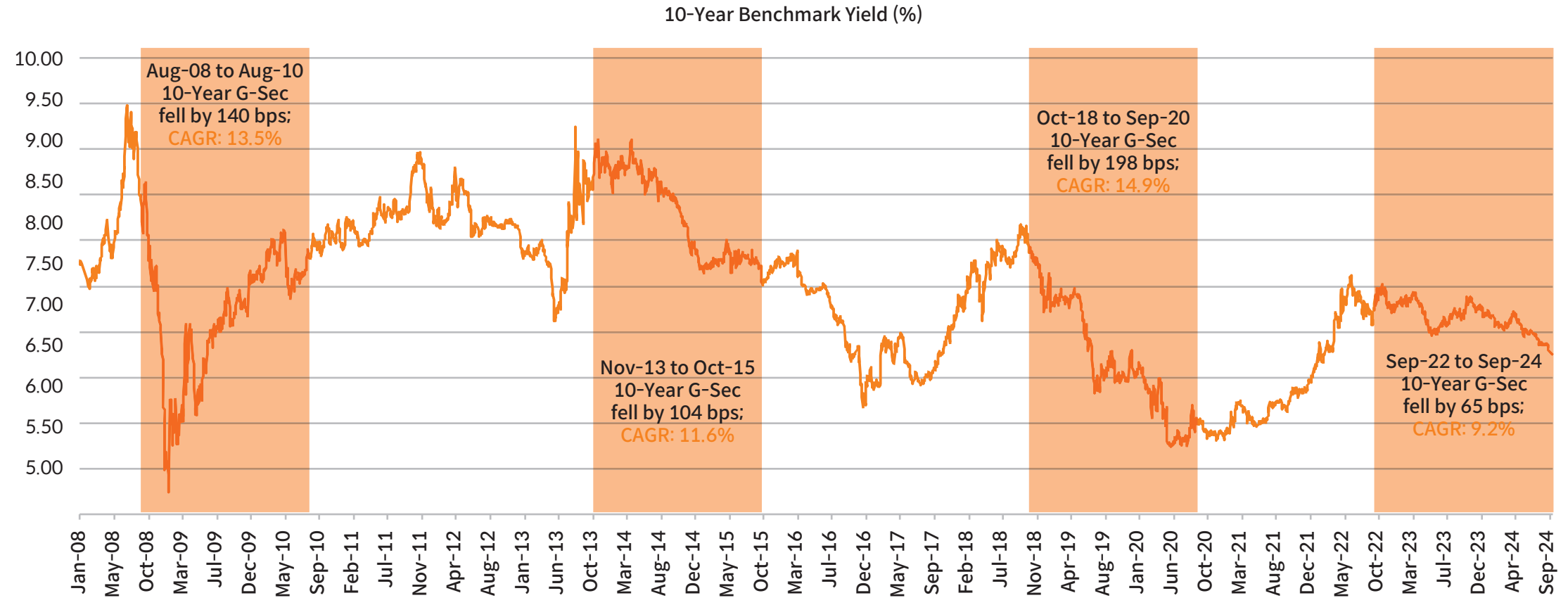
Source: RBI, CCIL, Bloomberg, *Estimated Data; Latest data available

India too has a trend



Why one may consider Long Duration Fund?

CRISIL Long Duration Debt A-III Index (2-Year Returns) When interest rates fall



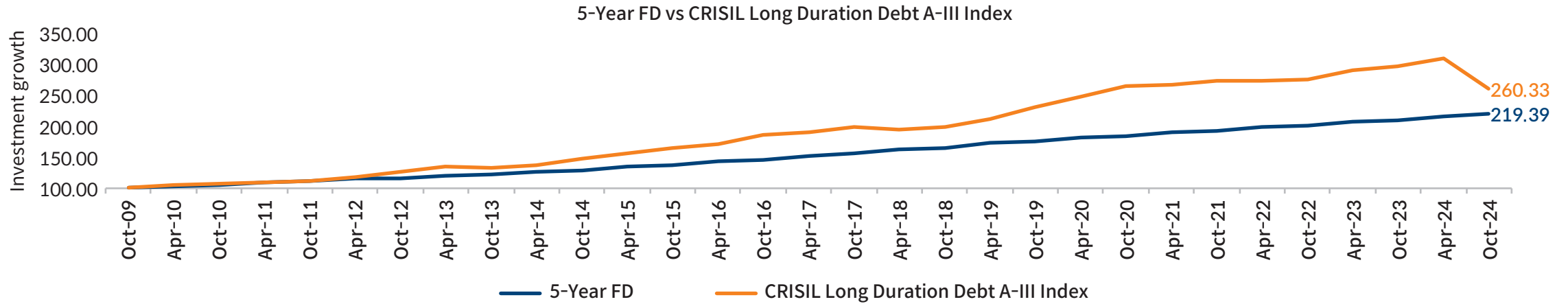
2-Year CAGR for Crisil Long Duration Debt A-III Index has ranged between ~9-15% when 10-yr G-sec has fallen by ~65-200 bps

CRISIL Long Duration Debt A-III Index (Trailing Returns) When interest rates fall

Period	CRISIL Long Duration Debt A-III Index Rebased Value	CRISIL Long Duration Debt A-III Index Return	10-Year Benchmark Yield (%)	Change in 10-Year Benchmark Yield (%)
0	100.00	-	8.28	-
1-Year	111.24	11.3%	7.64	-0.64
3-Year	134.26	10.3%	6.86	-1.42
5-Year	156.89	9.4%	6.45	-1.83
7-Year	185.06	9.2%	6.39	-1.89
10-Year	222.79	8.3%	6.85	-1.43

In a falling interest rate scenario - Longer the duration, higher is the benefit / capital gains on the portfolio

Fixed Deposit vs Debt Mutual Fund Taxation over 15-Year Period: An Illustration



	Investment	Post Tax Maturity Value	Total Gain/Interest Income	Tax on Total Gain/Interest Income	Post Tax Gain	Pre-tax CAGR	Post Tax CAGR
CRISIL Long Duration Debt A-III Index	100.00	260.33	229.04	68.71	160.33	8.3%	6.6%
5-Year FD	100.00	219.39	170.55	51.17	119.39	7.6%	5.4%

Interest on Fixed Deposits (FD) is taxed annually

Unlike FD, there is no tax on coupon income earned on underlying bonds in a debt mutual fund. However, gains at the time of redemption from the debt mutual fund are taxed at the marginal rate

Tax Deferment has led to better post tax returns for Debt Schemes of Mutual Fund

Source: FD Rate: SBI Fixed Deposit Rates, AMFI, Crisil, Data as on 31st October 2024. Past Performance may or may not be sustained in future ; Note: The above calculation is based on 30% taxation but does not include cess & surcharge. The information set out above is included for general information purposes only and does not constitute legal or tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult his/her own tax consultant with respect to specific tax implications arising out of their participation in the Scheme. The tax deferment benefits in which investor is taxed at the redemption rather than periodically compared to other conventional -instruments may enable investors to grow their portfolios more efficiently over the long-term

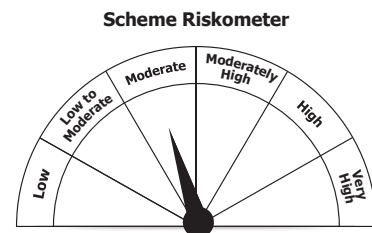
Presenting Mirae Asset Long Duration Fund

PRODUCT LABELLING

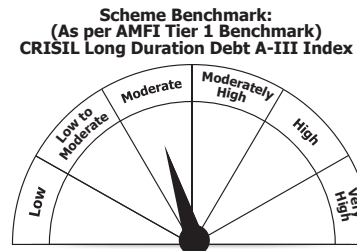
Mirae Asset Long Duration Fund is suitable for investors who are seeking*

- Optimal returns over the long term
- Investments in an actively managed diversified portfolio of debt and money market instruments.

*Investors should consult their financial advisors if they are not clear about the suitability of the product.



Investors understand that their principal will be at Moderate Risk



The Benchmark is at Moderate Risk

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

The above Product Labelling assigned during the New Fund Offer (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.

About the fund

Investments in Fund

Primarily invest in government securities such that the Macaulay duration of the portfolio is greater than 7 years.

Investment Framework

- Investment will primarily be made in Government Securities across maturities/ yield curve , AA+ and above rated corporate bonds and other Debt and Money Market Instruments.
- Macaulay duration of the portfolio would be higher than 7 Years.
- Positioned as long term fund with respect to the risk-return matrix.

Why Mirae Asset Long Duration Fund?

The Fund seeks to invest primarily in high quality & longer duration papers and seeks to generate relatively stable returns over the long term.

Fund Manager



Ms. Kruti Chheta

Fund Inception	Category	AMFI Tier 1 Benchmark
-	Long Duration Fund	CRISIL Long Duration Debt A-III Index
Goal	Ideal Investment Horizon	Risk Profile
 Wealth Creation	 7-10 Years	 Moderate

Note: Above mentioned current investment strategy is based on the prevailing market conditions and is subject to change within the limits of the SID basis the fund manager's view.

Flexible Interest Rate Strategy

Scenario

Global

Positive

+

Neutral /Positive

+

Neutral/ Negative

+

Neutral /Positive

+

Negative

+

Positive

+

Negative

+

Domestic

Positive

=

Neutral /Positive

=

Neutral/ Negative

=

Neutral/ Negative

=

Positive

=

Negative

=

Negative

=

Positioning

Aggressive

Moderate

Cautious

Cautious

Moderate/Cautious

Defensive

Protective

Duration between 10-12 Yrs

Duration between 8-10 Yrs

Duration close to 7 Yrs

- Fund may rebalance its portfolio following the changes in interest rate outlook.



Benefits of investing in a Long Duration Fund

- 01** May be considered as part of Core Asset Allocation
- 02** Relatively less volatile returns over the long term
- 03** May be considered for long term financial goals like - Retirement, Child's Education, Marriage, etc.
- 04** Seek for opportunity to capture prevailing yields
- 05** Tactical allocation in a falling interest rate scenario to benefit from capital gains
- 06** Tax Deferment as Mutual Funds are pass through vehicles

Scheme Details



NFO Period

21st November 2024 to
2nd December 2024



Benchmark

AMFI Tier I Benchmark:
CRISIL Long Duration Debt A-III Index



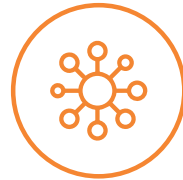
Plan & Options

Plans - Regular Plan and Direct Plan. Options - Growth Option & Income Distribution cum Capital Withdrawal option (IDCW) - Payout & Reinvestment option



Minimum Investment in NFO Period

Rs. 5000/- (in multiples
of Re. 1/- thereafter)



Type of Scheme

An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is greater than 7 years (please refer to page no. 12 of SID for details on Macaulay's Duration). A relatively high interest rate risk and relatively low credit risk.



Post New Fund Offer

Minimum Additional Purchase Amount –
Rs.1000/- and in multiples of Rs.1/- thereafter.



Taxation

Debt



Fund Manager

Ms Kruti Chheta



Scheme code

MIRA/O/D/LON/24/10/0074



Exit Load

NIL

Product labeling & PRC Matrix: Other Schemes managed by the Fund Manager

Product List and Riskometers

Mirae Asset Banking and PSU Fund

An open ended debt scheme predominantly investing in debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds. A relatively high interest rate risk and moderate credit risk

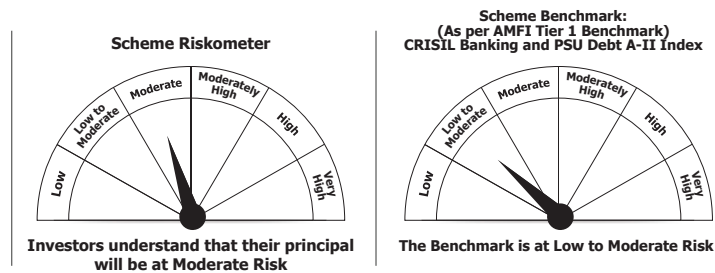
PRODUCT LABELLING

Mirae Asset Banking and PSU Fund is suitable for investors who are seeking*

- Income over short to medium term
- To generate income / capital appreciation through predominantly investing in debt and money market instruments issued by Banks, Public Sector Undertakings (PSUs), Public Financial Institutions (PFIs) and Municipal Bonds

*Investors should consult their financial advisors if they are not clear about the suitability of the product.

The above Product Labelling assigned during the New Fund Offer (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.



PRC Matrix

Mirae Asset Banking & PSU Fund

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

Ms. Kruti has been managing Mirae Banking & PSU Fund since February 1, 2024.

Disclaimers

Statutory Details: Trustee: Mirae Asset Trustee Company Private Limited; **Investment Manager:** Mirae Asset Investment Managers (India) Private Limited (AMC); **Sponsor:** Mirae Asset Global Investments Company Limited.

The information contained in this document is compiled from third party and publicly available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance of such information. The AMC, its associate or sponsors or group companies, its Directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications.

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: www.miraeassetmf.co.in

Please consult your financial advisor or mutual fund distributor before investing.

Follow us on:      

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

THANK YOU