



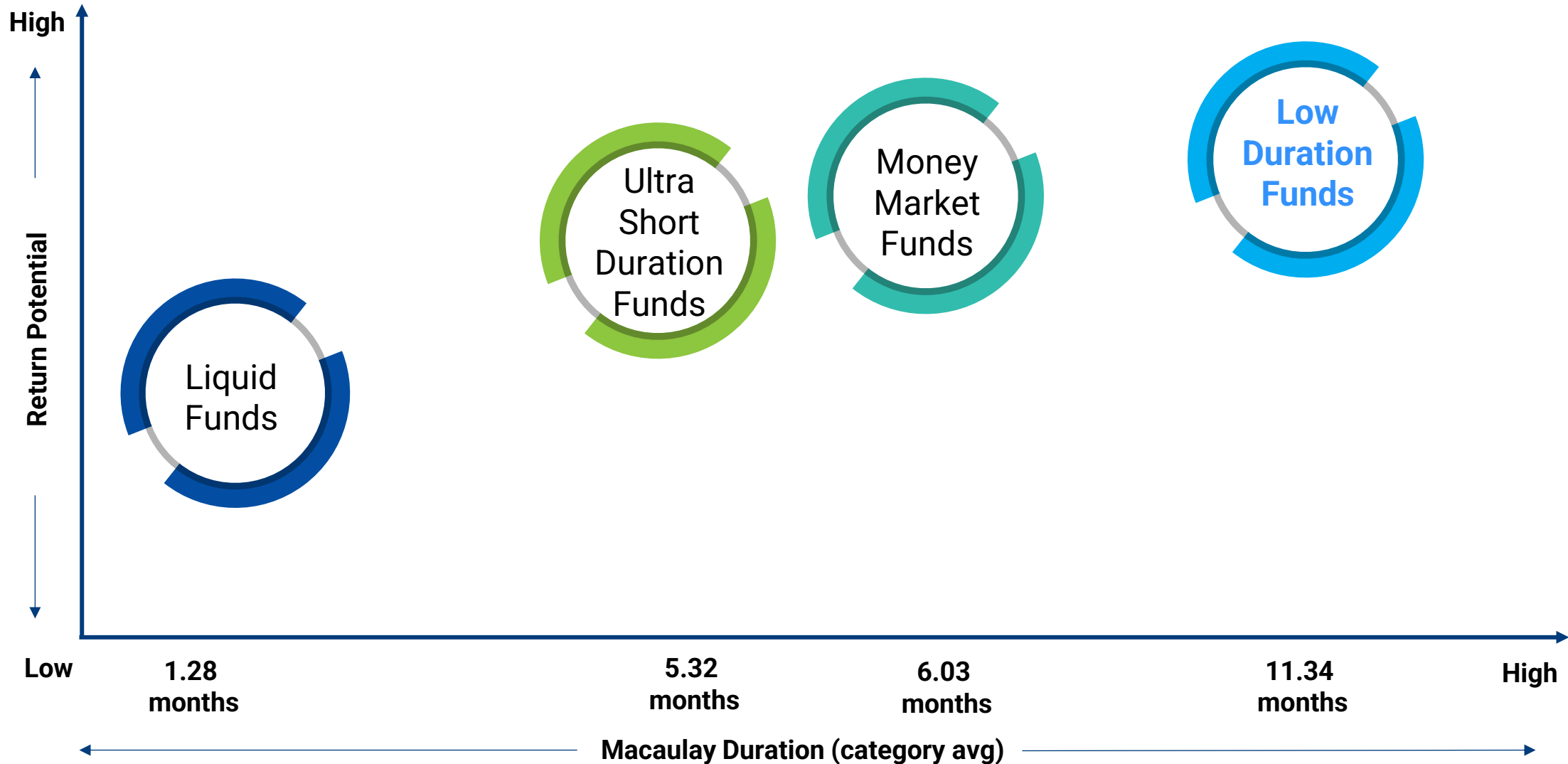
Edelweiss Low Duration Fund

(An open-ended low duration debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 - 12 months. A relatively high interest rate risk and moderate credit risk)

NFO Period - 11th March to 18th March 2025



What are the options available for short term investments?



Source: AceMF, Internal. Data as on 31st January, 2025

About Edelweiss Low Duration Fund

Scheme information

| | |
|-----------------------------------|---|
| Category | Debt Scheme - Low Duration Fund |
| Fund Manager | Ms. Pranavi Kulkarni Mr. Rahul Dedhia |
| Benchmark | CRISIL Low Duration Debt A-I Index |
| Investment Objective | The primary objective of the scheme is to generate income through investment primarily in low duration debt & money market securities |
| Investment Strategy | The scheme will actively manage a portfolio of quality debt and money market instruments such that the Macaulay duration of the portfolio is between 6 - 12 months. |
| Minimum Application Amount | During the NFO: Minimum Rs. 100/- and in multiples of Re. 1/- thereafter. On continuous basis: Minimum Rs. 100/- and in multiples of Re. 1/- thereafter. |
| NFO period | 11 th March to 18 th March 2025 |
| Exit Load | Nil |

Who is this for?

Individual Investors

- * The fund will offer investors portfolio diversification through fixed-income investments
- * It is suitable for investors looking for a low-risk, short-term investment option
- * The Budget 2025 revisions in taxation have notably enhanced the appeal of debt mutual funds for investors with annual taxable income of up to ₹12 lakh*

- * Institutional investors have the opportunity to invest in this fund for Treasury and Liquidity Management
- * Institutional investors looking to capitalize on the higher short-term rates in March driven by seasonal liquidity effects

Institutional Investors

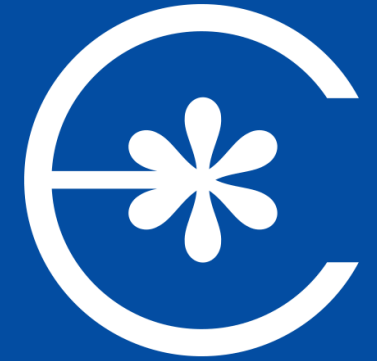
Benefits under New Tax Regime

The Budget 2025 revisions in taxation have notably enhanced the appeal of debt mutual funds for investors with annual taxable income of up to ₹12 lakh

Understanding the tax on the sale of debt MF units in FY2025-26

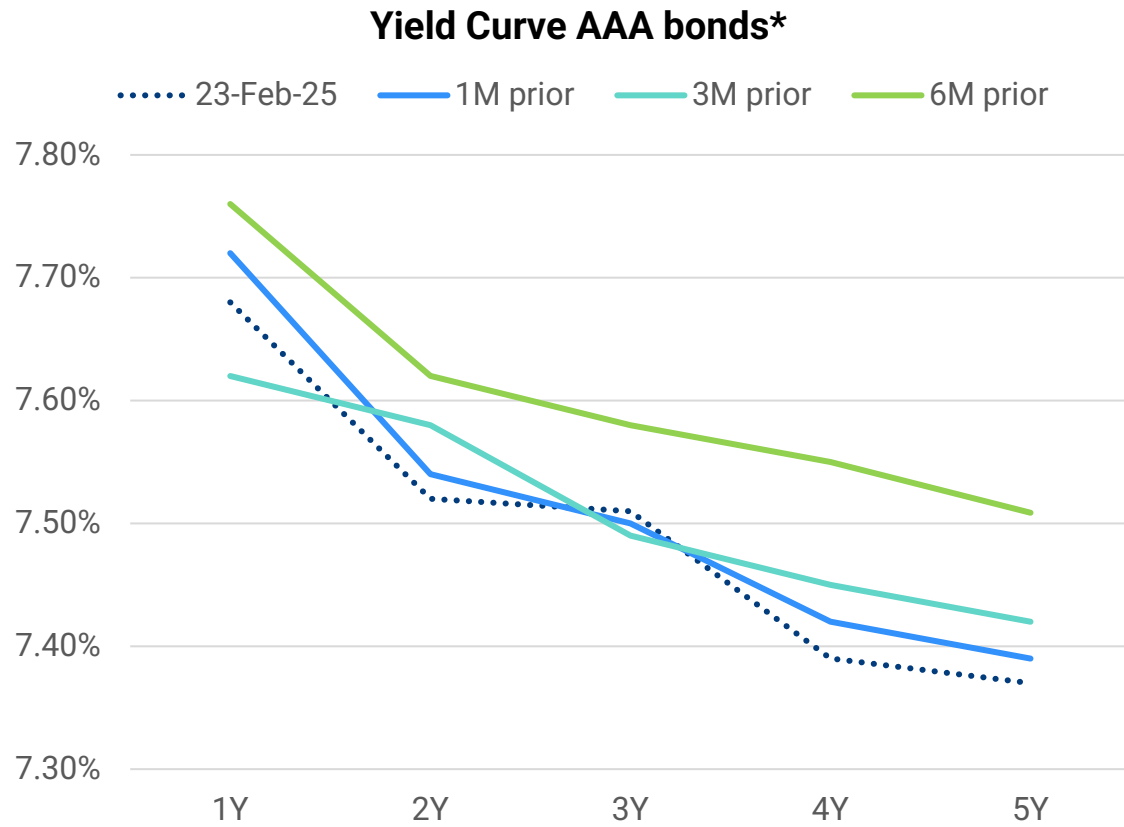
| | Investor A | Investor B |
|--|--------------------|--------------------|
| Total Taxable Income | 12,00,000 | 12,00,000 |
| Taxable Income excl Capital Gains | 400,000 | 1,000,000 |
| Tax on Income excl Capital Gains (Slab Rate) | NIL | 40,000 |
| Capital Gain on Debt Investments | 800,000 | 200,000 |
| Tax on Capital Gains | 60,000 (Slab Rate) | 20,000 (Slab Rate) |
| Gross Tax Payable | 60,000 | 60,000 |
| Rebate on income u/s 87A | 60,000 | 60,000 |
| Net Tax Payable | NIL | NIL |

Why should you invest NOW?

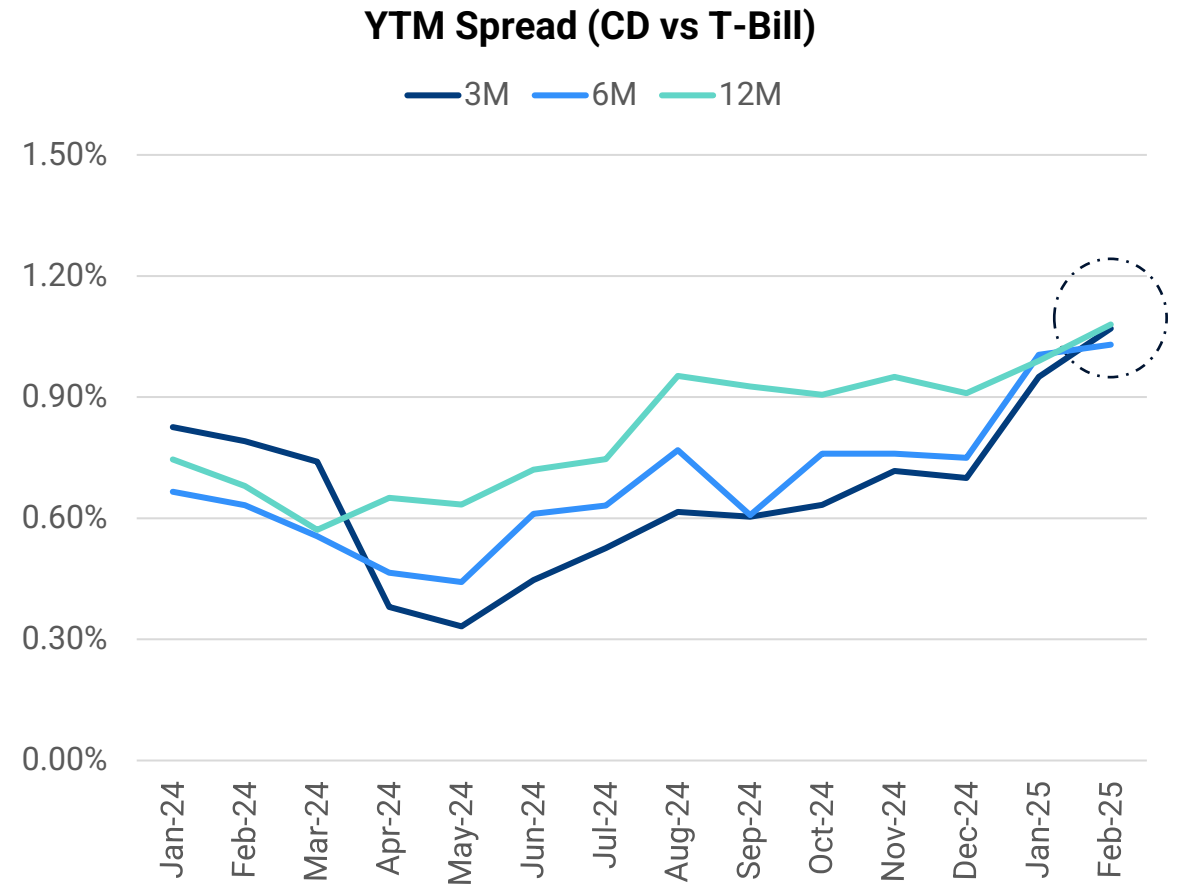


Shorter end of the curve looks attractive

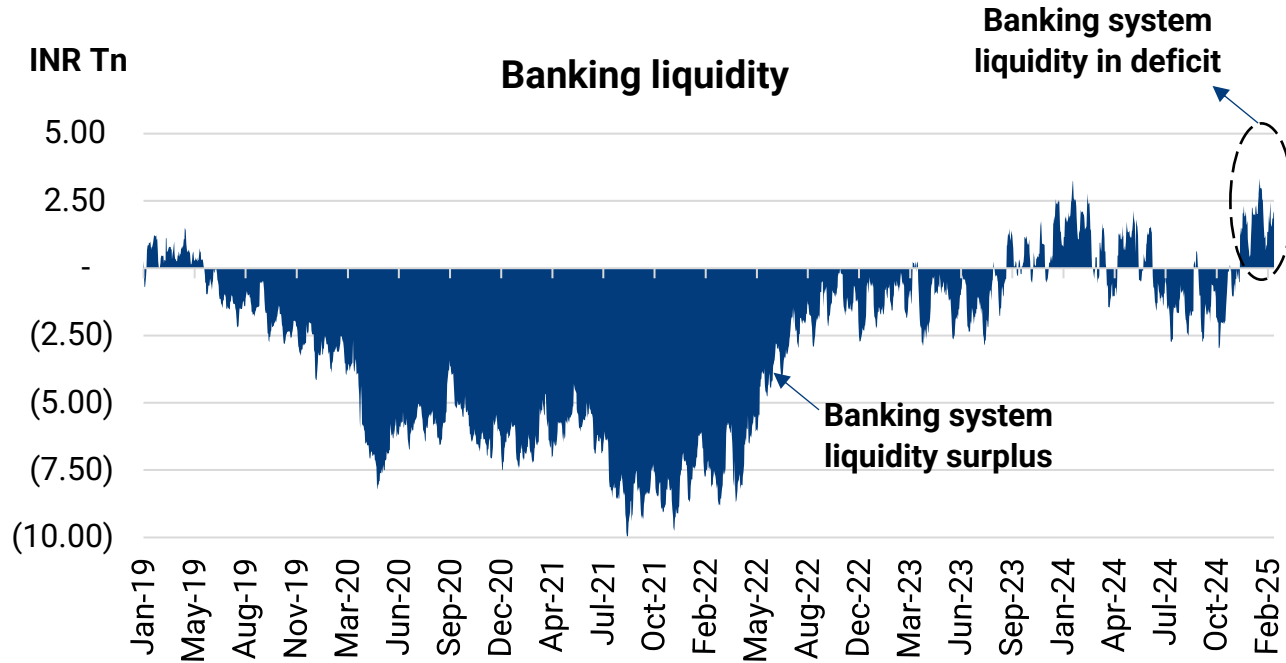
Inverted credit curve offers value



Yield spreads are at a 1-year high



CP-CD yields to fall once liquidity improves



Timeline of measures taken by RBI to boost banking liquidity

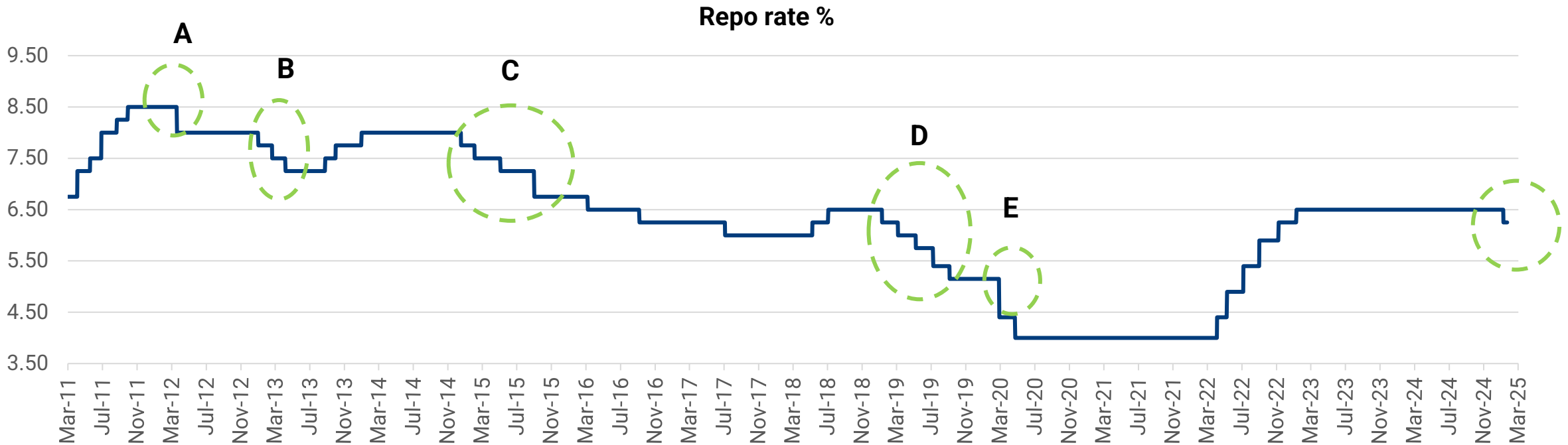
| Date | Measures | Notified Amount |
|---------------------------|--|-----------------|
| 30 th Jan 2025 | OMO Purchase | INR 20,000 Cr |
| 7 th Feb 2025 | 56-Day Variable Rate Reverse Repo Auction | INR 50,000 Cr |
| 13 th Feb 2025 | OMO Purchase | INR 40,000 Cr |
| 20 th Feb 2025 | OMO Purchase | INR 40,000 Cr |
| 28 th Feb 2025 | 3 year US dollar-rupee buy-sell swap auction | \$ 10 Bn |

Yield curve remains unchanged despite the rate cut

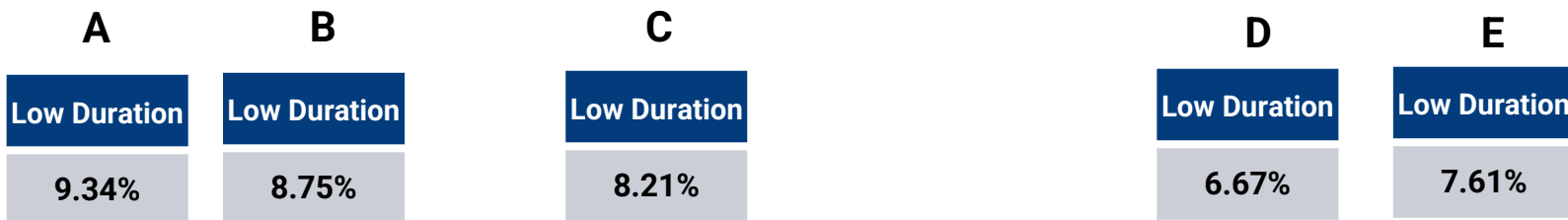
| AAA CD Yields | 9M | 12M | AAA CP Yields | 9M | 12M |
|---------------|-------|-------|---------------|-------|-------|
| 31-Dec-24 | 7.53% | 7.57% | 31-Dec-24 | 7.85% | 7.85% |
| 20-Feb-25 | 7.56% | 7.57% | 20-Feb-25 | 7.86% | 7.85% |

So far, RBI has injected INR 39.7 Tn to the banking system via Variable Rate Repo (VRR) operations of different maturities between 17th January, 2025 to 28th February, 2025

How did the category perform when rate cuts happened?



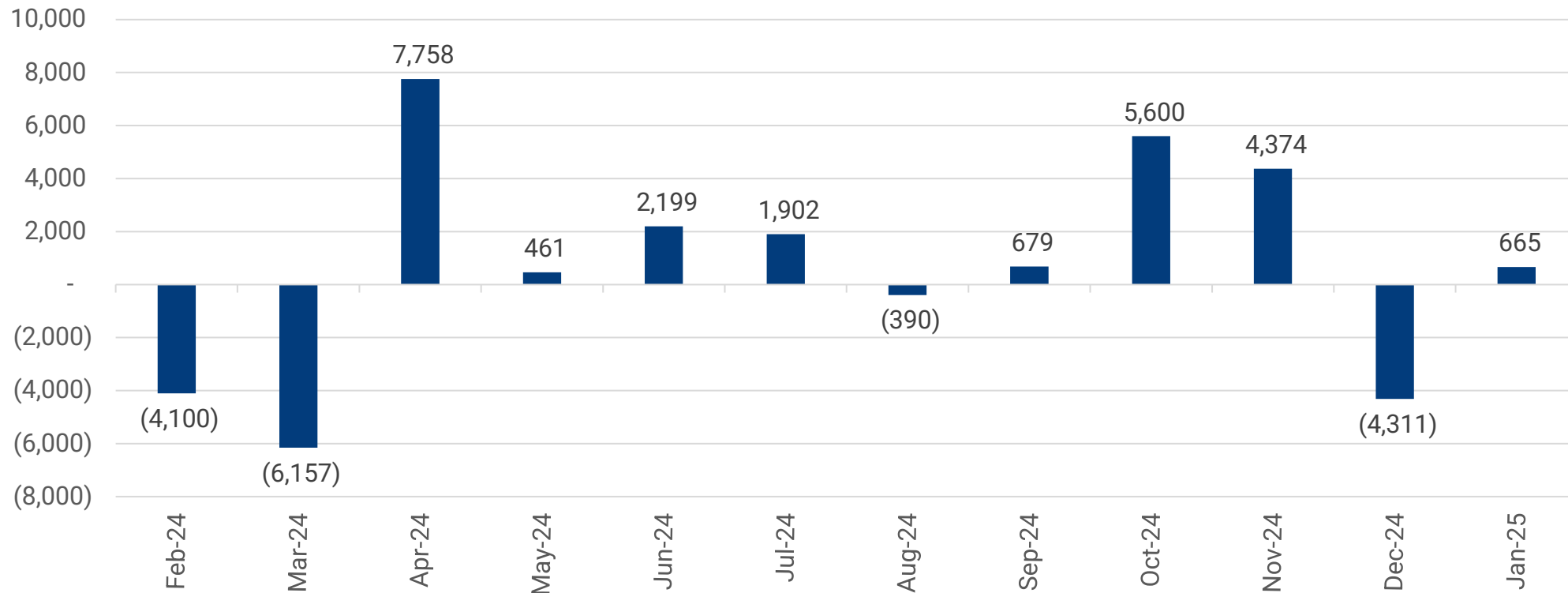
Below is the 1Y annualized return since the first rate cut



Investor interest rising in Low Duration Funds

The Low Duration category saw net inflows of Rs.6,618 cr in the last 6 months, reflecting strong investor interest

Net Inflow(+ve)/Outflow(-ve) for the Month of (Cr.)



| Low Duration category avg monthly annualized return | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 7.35% | 8.04% | 6.87% | 6.93% | 6.69% | 7.79% | 6.47% | 7.51% | 7.60% | 6.18% | 6.42% | 6.53% |

Source: AceMF. Past performance may or may not be sustained in the future.

Why invest in this fund now?

- * **The rate cutting cycle has begun**
 - The next cut is expected in April 2025 MPC meeting
 - We expect at least 50bps cut in the repo rate, with the first rate cut in April 2025 and second rate cut by Oct 2025
- * **However, the credit yield curve has remained unchanged**
 - Tight liquidity condition and year-end borrowing has kept CP-CD yields elevated
- * **We expect these conditions to change April 2025 onwards**
 - Government spending to pick up April 2025 onwards
 - RBI is also expected to give a large dividend to the GOI in Q1FY26
- * **RBI is expected to conduct additional OMO bond purchases in FY26**
- * **All these should result in gradual easing of short-term yields, generating additional returns for the fund**
- * **The recent tax slab revisions have enhanced appeal of debt funds for investors earning up to ₹12 lakh p.a in taxable income**

Fixed Income Team



Mr. Dhawal Dalal, Chief Investment Officer (CIO) – Fixed Income

- * Dhawal has over 27 years of experience and has done his MBA from University of Dallas (USA)
- * Joined Edelweiss Asset Management Limited in the year 2016
- * He is responsible for the overall growth of fixed income assets through a healthy mix of retail and institutional clients

Fund Management Team



Ms. Pranavi Kulkarni
Fund Manager



Mr. Rahul Dedhia
Fund Manager



Mr. Hetul Raval
Fund Manager

Risk-o-meter

(An open-ended low duration debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 - 12 months. A relatively high interest rate risk and moderate credit risk.)

| This product is suitable for investors who are seeking* | Scheme Risk-o-meter | Benchmark Risk-o-meter |
|---|---|--|
| <ul style="list-style-type: none"> Income over the short term Investment in debt and money market instruments such that Macaulay Duration of the portfolio is between 6-12 months | | |
| *Investors should consult their financial advisers if in doubt about whether the product is suitable for them | The risk of the scheme is low to moderate | The risk of the benchmark is low to moderate |

| 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) | | B III | |

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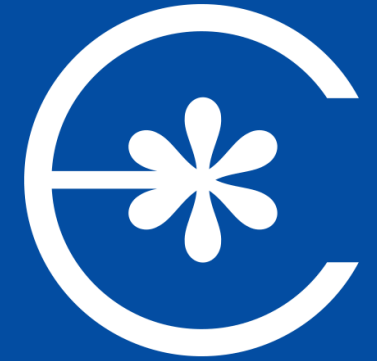
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