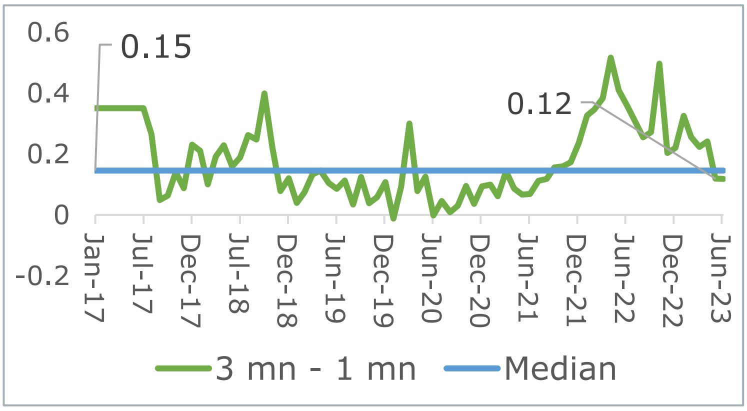
ASSET MANAGEMENT
BAJAJ

# Bajaj Finserv Money Market Fund Note

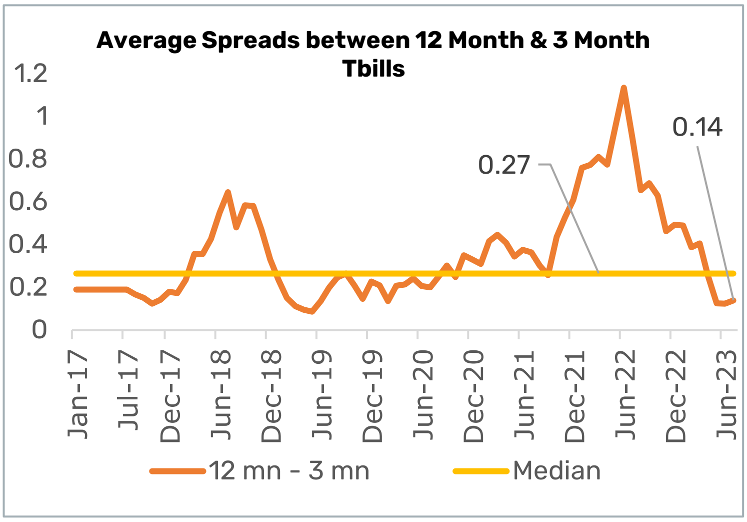
An open ended debt scheme investing in money market instruments with Relatively Low Interest Rate Risk and Moderate Credit Risk

As on July 2023

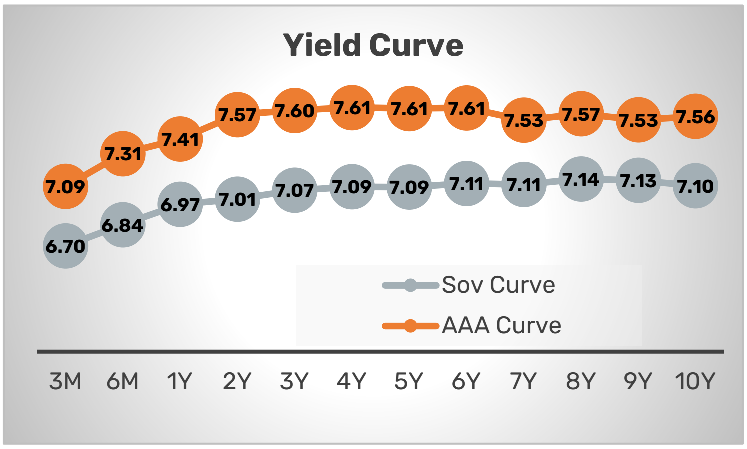
**Average Monthly Spread between 3 month and 1-month T-bills**




**Source: Bloomberg, data As on 25th July 2023**




**Source: Bloomberg, data As on 25th July 2023**




**Source: Bloomberg, data As on 25th July 2023**

The spreads in the money market have narrowed down considerably since Jan month this year.

Both, the 3 month-1-month spreads and the 12 month - 3-month spreads have narrowed considerably and are trading below their long-term average.

Surplus system liquidity due to Rs 2000 note withdrawal and RBIs rate pause has resulted in this sub average spreads. Going ahead as Currency In circulation increases due withdrawals of those deposits , busy festive seasons and elections, we can expect spreads to normalise.

Given the spread narrow spread and limited rally markers in the near future,

We believe that the Bajaj Finserv Money Market Fund will find appropriate risk and return trade off somewhere in 6 to 9 months duration bracket.

Our fund shall seek to utilise the interplay between demand/supply, liquidity and interest rate view in the coming months to generate performance.

The fund seeks to position itself as one of the preferred vehicle for money market investments.

Within this context, its strategic inclination lies in achieving performance by tactically adjusting fund maturities within the range of 6 month to 9 months .

The fund's credit allocation approach emphasizes a relatively high preference for AAA-rated long-term equivalents. There may be limited allocation in AA equivalents. In such allocation, it would be restricted to high-quality issuers where there long-term rating is backed by holistic view of their cash flows, promoter quality, business with fund raising capabilities among other factors.

Our prevailing market perspective is that the RBI may maintain interest rates at a standstill, choosing to observe the Fed's monetary policy cycle and the potential impact of the monsoon season before undertaking any change in policy outlook. As a result, short-term interest rates are expected to remain within a confined range.

Investors with three months or higher investment horizon, seeking to invest in portfolio of top-rated debt instruments may find this fund appropriate vis-à-vis parking their funds in shorter maturities.

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| Potential Risk Class (PRC)<br>(Maximum risk the scheme can take) | | | |
|---|---|---|---|
| **Credit Risk** → <br>**Interest Rate Risk** ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Relatively Low (Class I) | | **B-I** | |
| Moderate (Class II) | | | |
| Relatively High (Class III) | | | |
| B-I – A Scheme with Relatively Low Interest Rate Risk and Moderate Credit Risk | | | |

This product is suitable for investors who are seeking*:

- Income over short term.
- Investment in money market instruments that seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity

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

| Riskometer | |
|---|---|
| **Scheme** | **Benchmark** |
|  | <br>NIFTY Money Market Index B-I |

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