

# BAJAJ FINSERV LOW DURATION FUND

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

**NFO PERIOD: 9<sup>th</sup> FEB – 16<sup>th</sup> FEB, 2026**

# Understanding Low Duration Debt Funds

Open-ended debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6 & 12 months

## Key Features



### Investment Strategy

01

Invests in short-term debt and money market instruments

Focus on generating returns through interest accrual



### Duration and Volatility

02

Portfolio Macaulay duration maintained between 6–12 months

Lower sensitivity to interest rate compared to other debt funds



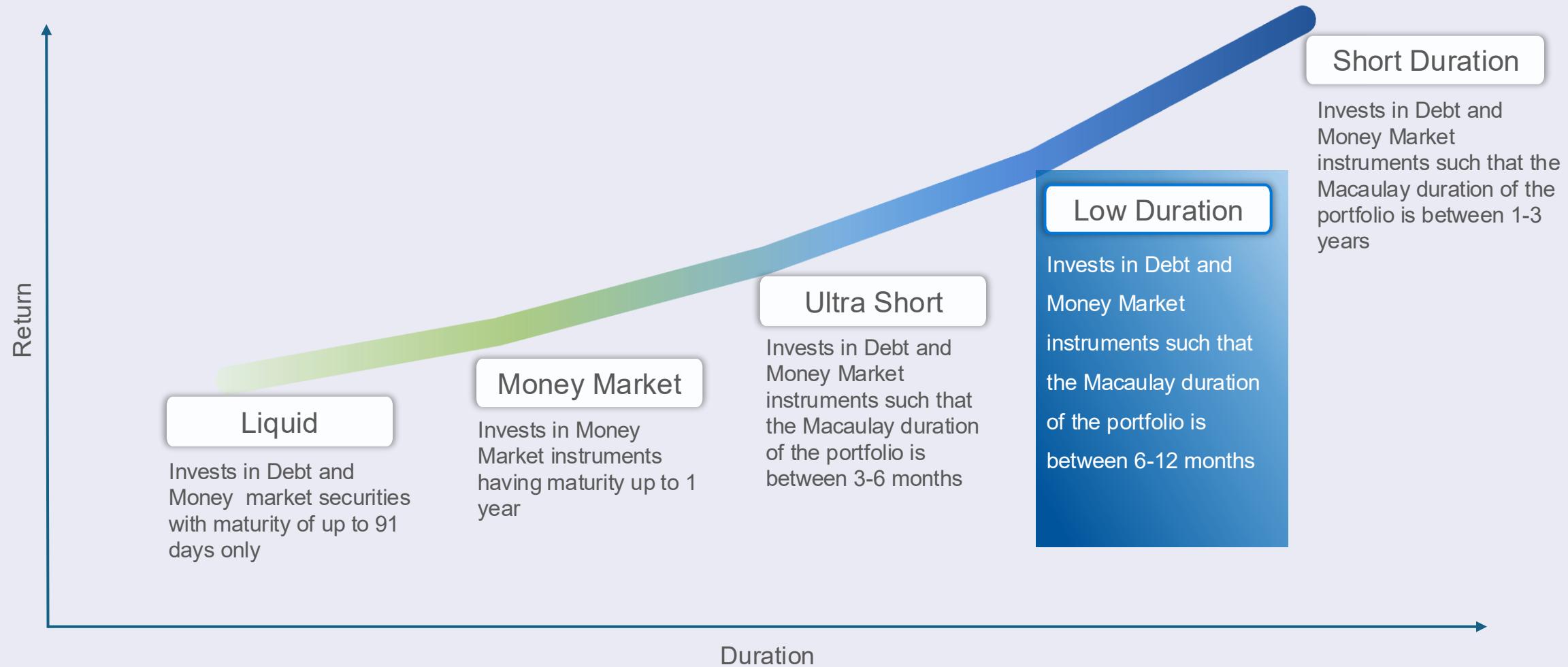
### Liquidity and Flexibility

03

Short-maturity profile enables efficient liquidity management for investors

Serves as a flexible allocation between liquid funds and longer-duration debt strategies

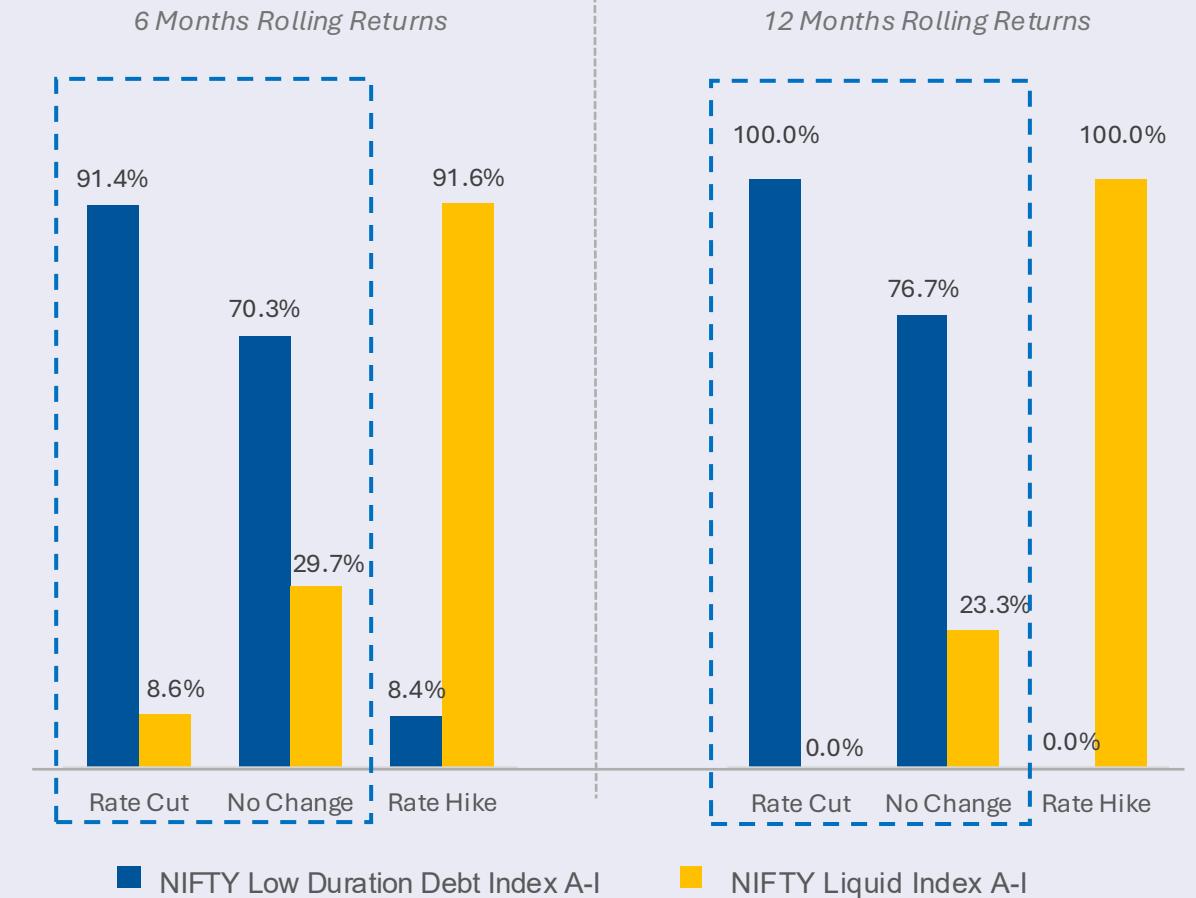
# PRODUCT CONSTRUCT AND INVESTMENT FRAMEWORK



Low duration funds are suitable for current market conditions – offering potentially higher yields than liquid category while avoiding the higher volatility exposure of longer duration funds during rate uncertainties.

# LOW DURATION VS LIQUID: INDEX BEHAVIOUR ACROSS RATE CYCLES

Percentage of times NIFTY Low Duration Debt Index A-1 has higher returns than NIFTY Liquid Index A-1



- We are at the end of rate cut cycle. Current regime indicates either no change in rates or some residual rate cuts (~50 bps) in the coming months.
- NIFTY Low Duration Debt Index A-1 has outperformed NIFTY Liquid Index A-1 during both rate cuts and no rate change scenario in the past.

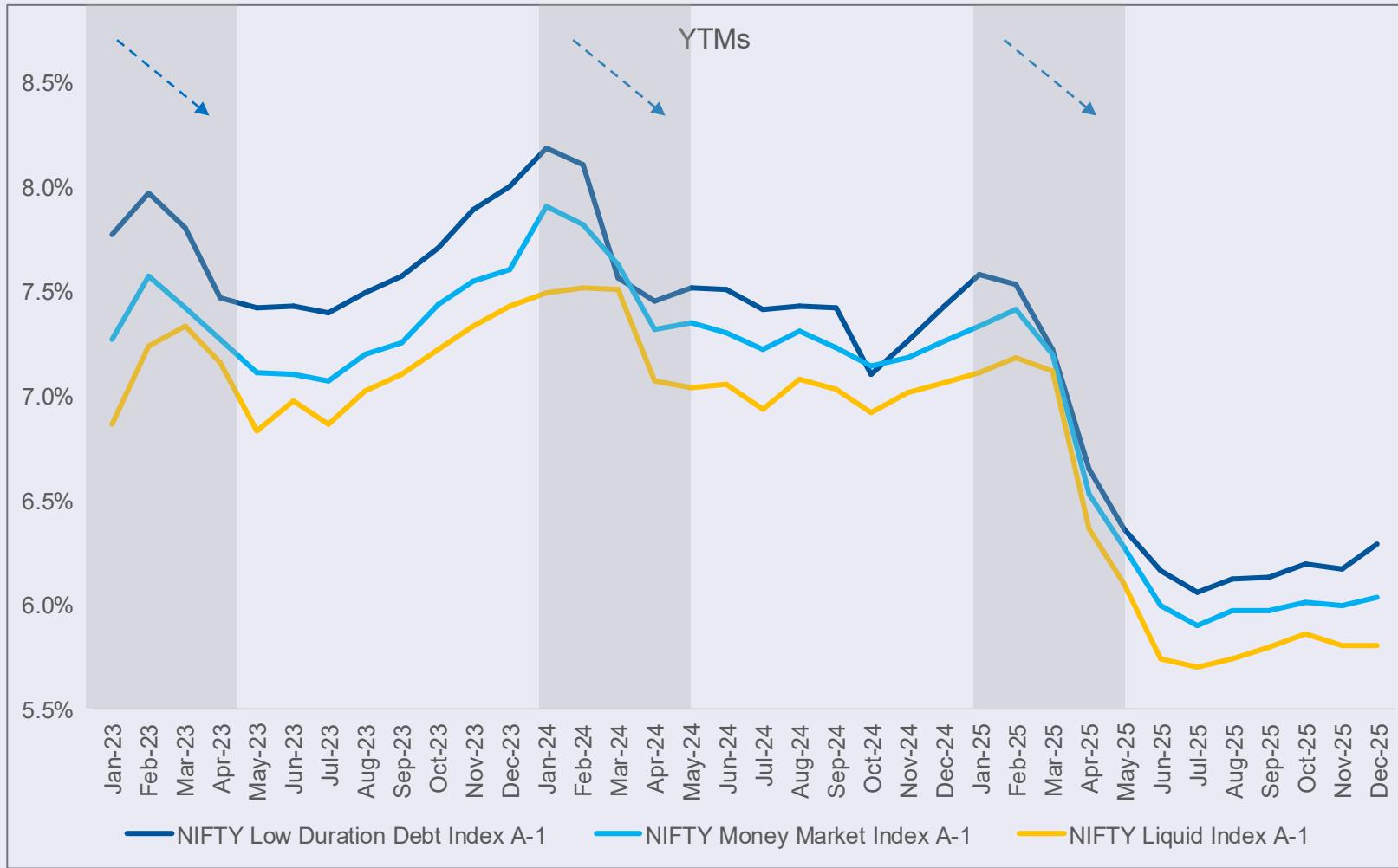
Note: Data based on 6 & 12-months daily rolling returns; Above calculations are as per index NAV; Past performance may or may not be sustained in future.

The slide provides the comparison between Nifty Low Duration Debt Index and Nifty Liquid Fund Index and does not in any manner indicate the performance of any scheme of the Mutual Fund. Investors are requested to consult with financial advisors before undertaking investment in mutual fund schemes.

Source: AMFI (period 1<sup>st</sup> Jan 2013 to 19<sup>th</sup> Jan 2026)

# WHY INVEST NOW?

# SEASONAL OPPORTUNITY IN SHORT-TERM YIELDS



Benchmark yields on low duration investments tend to decline during April and May.

This creates an opportunity for locking higher yields in month of February and March because of increase in government spending and system liquidity.

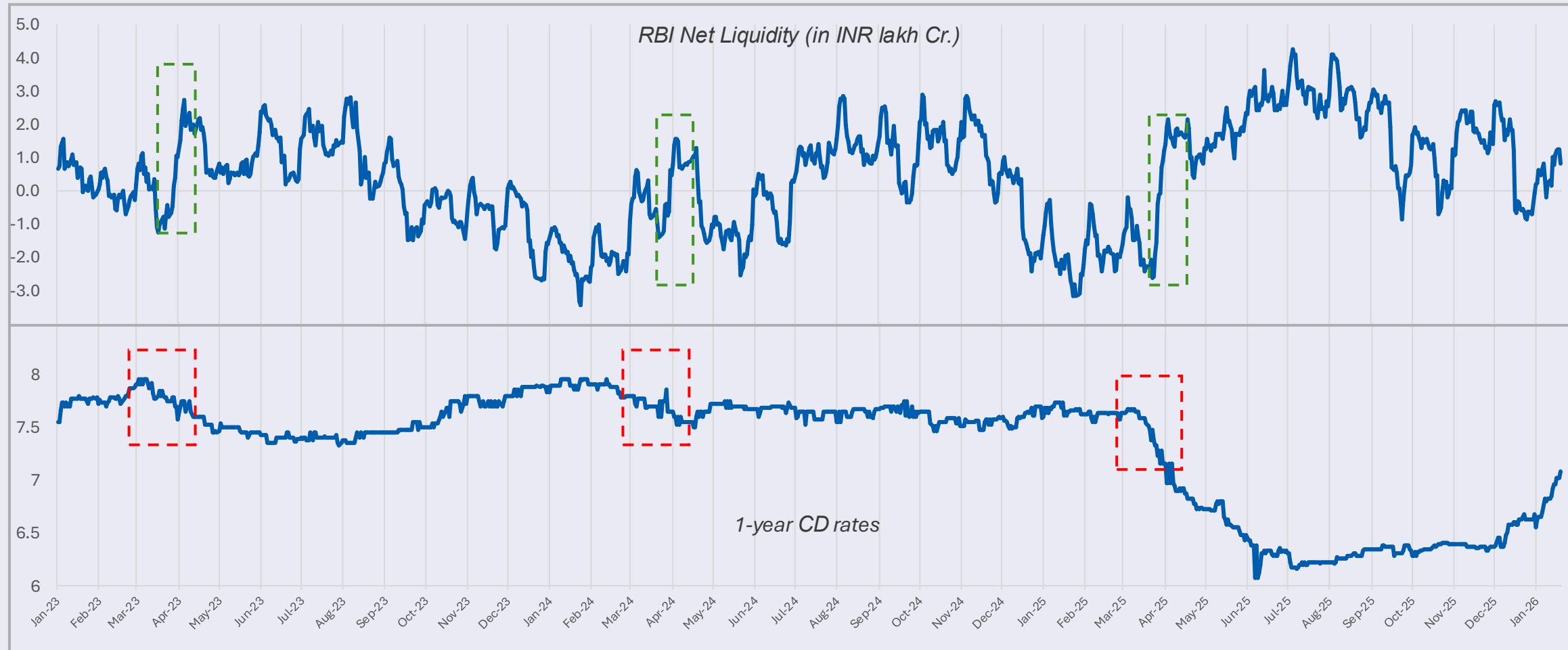
Note: Past performance may or may not be sustained in future.

The slide provides the comparison among Nifty Low Duration Debt Index, Nifty Money Market Index and Nifty Liquid Fund Index and does not in any manner indicate the performance of any scheme of the Mutual Fund. Investors are requested to consult with financial advisors before undertaking investment in mutual fund schemes.

Source: NSE Index Fixed Income Dashboard

# IMPACT ON SHORT-TERM RATES: LIQUIDITY TURN-AROUND

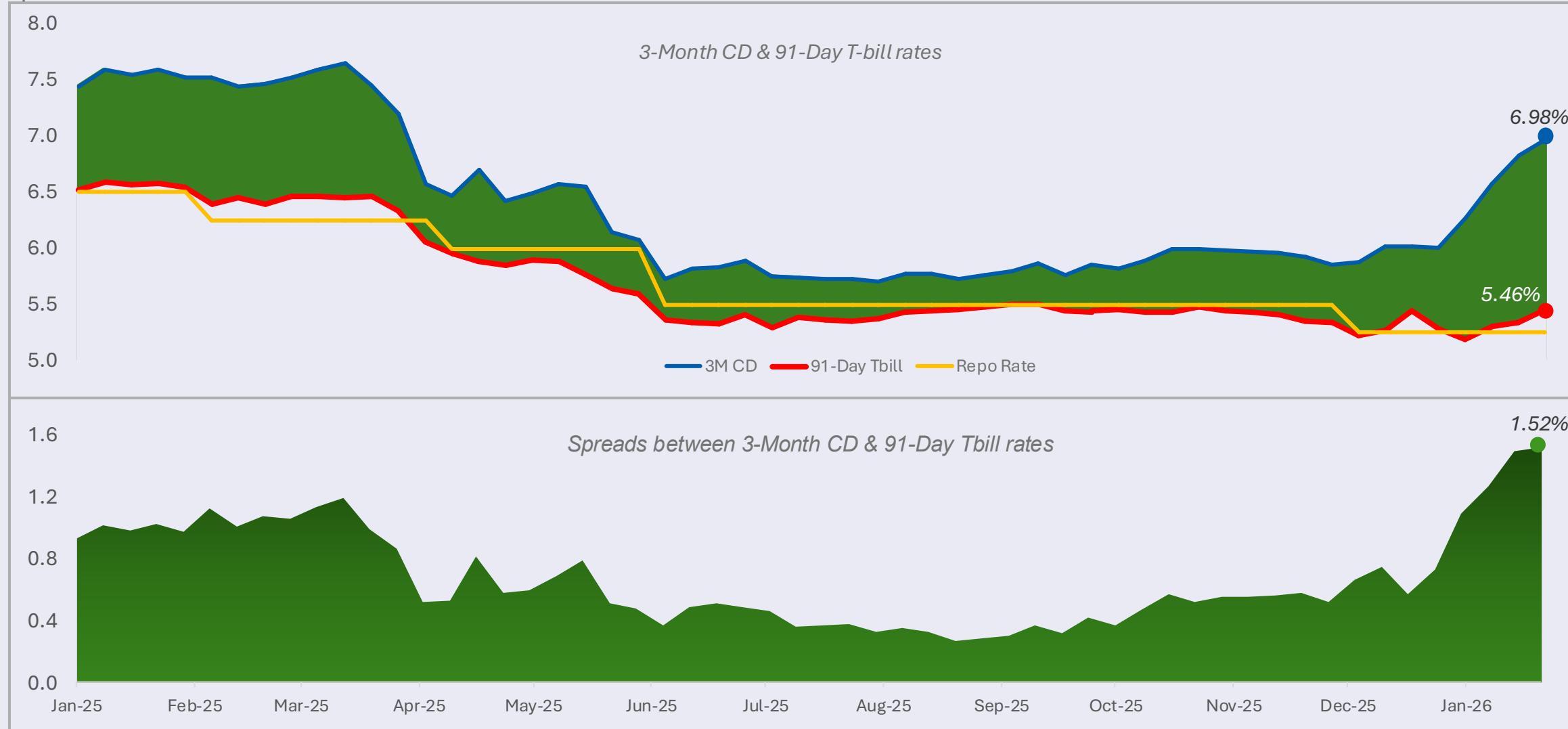
Increased government spending tends to push liquidity into positive zone at the start of financial year.



Source: Bloomberg

# ATTRACTIVE SPREAD: 3-MONTH CD VS 91-DAY T-BILL

Spreads have widened even after 125 bps cut in policy rate and active liquidity management, providing better risk-reward ratio to increase position in this duration bucket

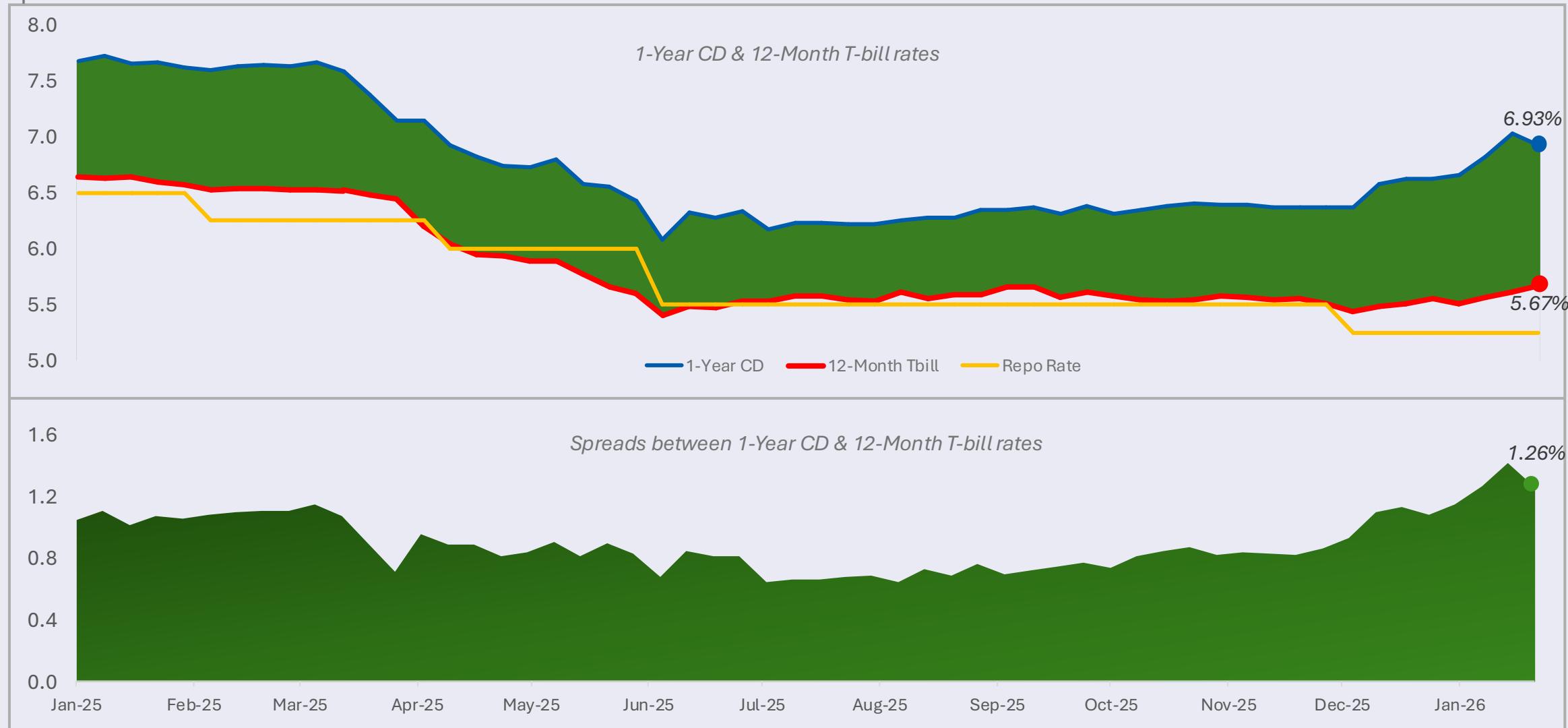


Source: Bloomberg

## ATTRACTIVE SPREAD: 1-YR CD VS 12-MONTH T-BILL



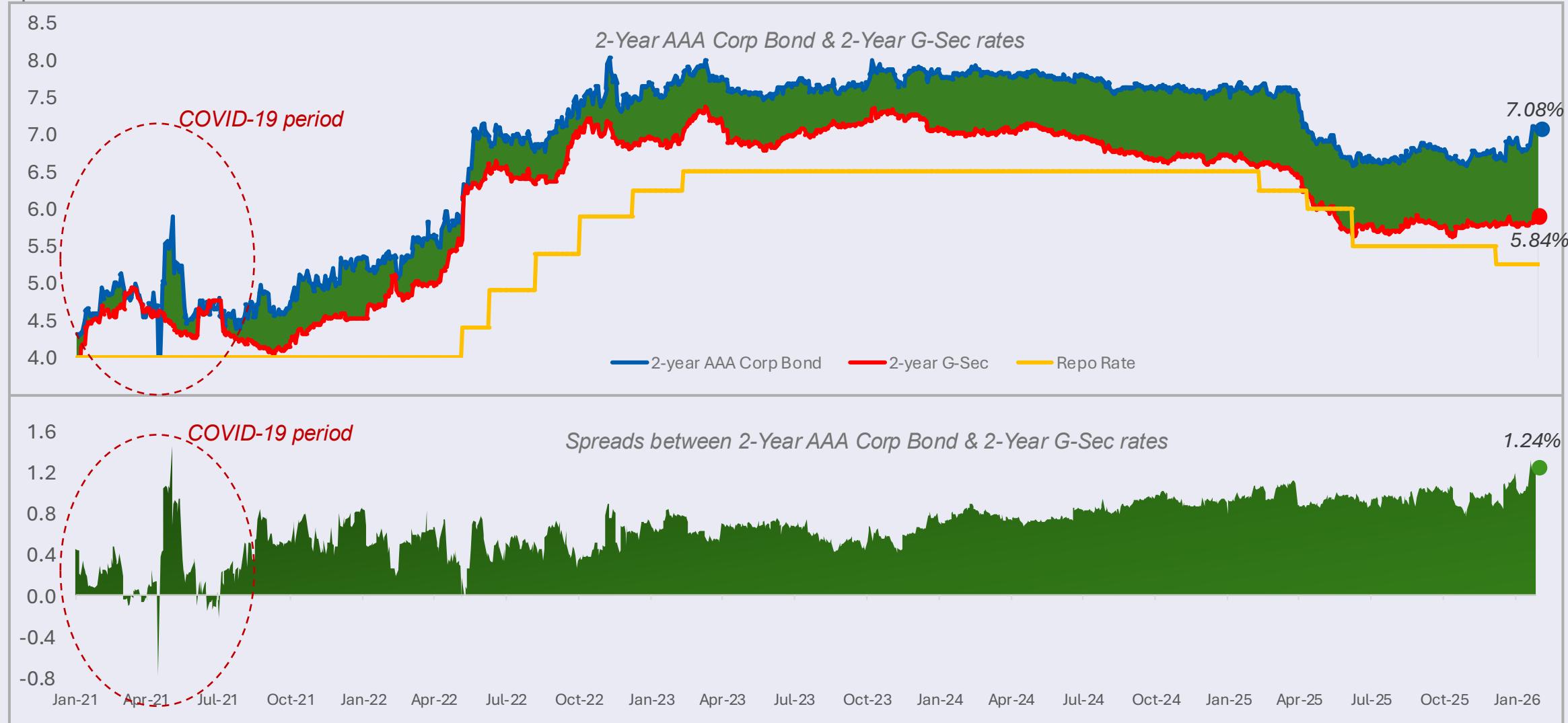
Spreads have widened even after 125 bps cut in policy rate and active liquidity management, providing better risk-reward ratio to increase position in this duration bucket



Source: Bloomberg

# ATTRACTIVE SPREAD: 2-YR AAA CORPORATE BOND VS 2-YR G-SEC

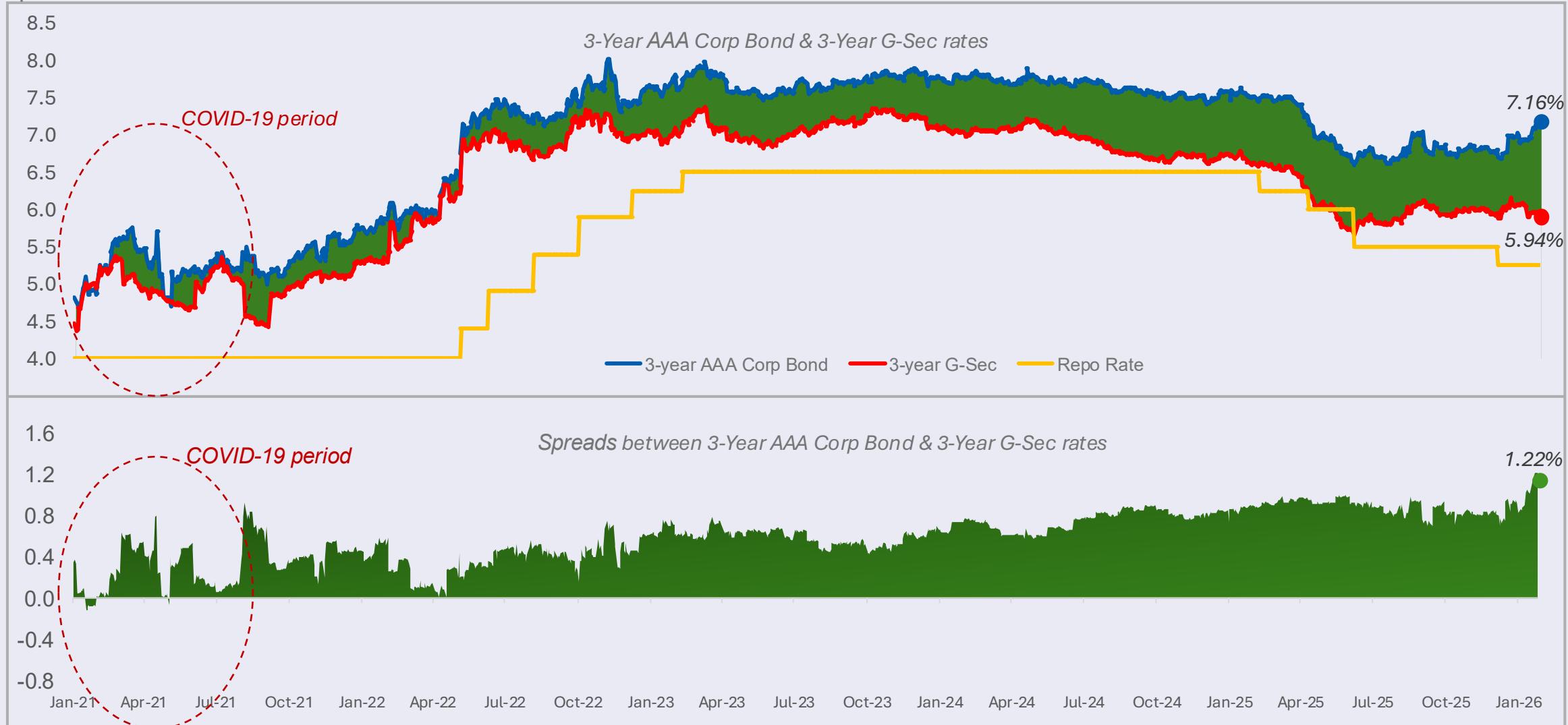
Spreads have widened even after 125 bps cut in policy rate and active liquidity management, providing better risk-reward ratio to increase position in this duration bucket



Source: Bloomberg

# ATTRACTIVE SPREAD: 3-YR AAA CORPORATE BOND VS 3-YR G-SEC

Spreads have widened even after 125 bps cut in policy rate and active liquidity management, providing better risk-reward ratio to increase position in this duration bucket



Source: Bloomberg

# WHY INVEST IN LOW DURATION FUNDS?



## Portfolio Flexibility

Invests across money-market instruments, corporate bonds and Non-Convertible Debentures.  
Allows selective exposure to securities beyond one-year maturity while maintaining a low-duration profile\*.



## Performance Across Rate-cycles

May participate in accrual and potential roll-down when rates are falling or stable.  
Shorter duration profile helps manage valuation impact during rate volatility.



## Lower Duration Positioning

Portfolio maintained within a six-to-twelve-month Macaulay duration band.  
Suitable for surplus deployment where investors do not wish to take long duration exposure and aim to benefit from any downward movement in rates.



## Strategic implication

Investors who mostly invest in Liquid or Money Market strategies and want to benefit from volatility/rate cut cycles can invest incrementally here, without changing the duration of the portfolio in significant way.  
Useful as part of a phased allocation of surplus funds, for instance – STP strategy

\* Macaulay duration of the portfolio to be between 6 months to 12 months

# WHERE CAN LOW DURATION FUNDS INVEST?

## Money Market Instruments

Commercial Papers, Certificates of Deposit, Treasury Bills, Repurchase Agreements (Repo / Tri-party Repo), and cash or cash-equivalent instruments

## Corporate & Credit Instruments

Corporate Bonds, Non-Convertible Debentures, Debt issued by Public Sector Undertakings, Non-Banking Financial Companies, and other Financial Institutions (subject to scheme-level investment policy)

## Government Securities

Short-tenor Government Securities and State Development Loans

## ACCRUAL INCOME

Ability to invest in corporate debt provides opportunity to lock in higher spreads

## PORTFOLIO CONSTRUCT

The ability to diversify across issuers, tenors and security types provides higher flexibility.

## ROLL-DOWN EFFECT

Low duration fund aims to deploy roll down strategy in part of the portfolio. Roll-down strategy is an accrual-based debt investment approach where the portfolio's average maturity gradually decreases over time, reducing interest rate risk. This supports outcome especially in falling or stable rate environments.

## WIDER MATURITY SPECTRUM

Unlike funds investing in only Money Market securities limited largely to  $\leq 1$ -year paper, Low Duration Funds may selectively hold in bonds of  $> 1$  year securities while keeping portfolio Macaulay duration between 6-12 months – allowing participation in the short end of the yield curve.

# WHO CAN INVEST IN LOW DURATION FUNDS?



\*Banks, Insurance Companies, Financial Institutions, Multinational Corporations. Corporates including SMEs.

^Charitable Trusts, etc.

# FIXED INCOME INVESTMENT TEAM



**Nimesh Chandan**

Chief Investment Officer

- He is an Investment professional with 25 years of experience in investing in the Indian capital markets.
- Previously as Head Investment (Canara Robeco AMC), he was responsible for all Equity Business wherein he oversaw Equity assets of Rs. 400 Bn and advised Robeco funds on their exposure of Rs. 350 Bn.



**Siddharth Chaudhary**

Head - Fixed Income

- Siddharth Chaudhary has 19 years of experience in Fixed Income Markets of which 15 years were in MF industry and 4 years in Bank Treasury.
- In his previous role, Siddharth was Head of Fixed Income, Institutional Business at Sundaram AMC, where he was responsible for managing the debt schemes.

# ABOUT BAJAJ FINSERV LOW DURATION FUND

## Scheme Name

Bajaj Finserv Low Duration Fund

## Scheme Category

Low Duration Fund

## Scheme Type

An open-ended low duration debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 6 months to 12 months with relatively high-interest rate risk and moderate credit risk

## Scheme Riskometer

Moderate

## Scheme Potential Risk Class (PRC)

B-III – A Scheme with relatively high-interest rate risk and moderate credit risk

## Benchmark

NIFTY Low Duration Debt Index A-I

## Fund Manager

Mr. Siddharth Chaudhary and Mr. Nimesh Chandan

## Investment Objective

The investment objective of the Scheme is to generate optimal returns for its investors through a portfolio constituted of debt and money market securities. The Macaulay duration of the portfolio is managed between 6 months and 12 months, resulting in a low duration investment with relatively high-interest rate risk and moderate credit risk. The Scheme seeks to offer a short-term savings avenue with low risk while balancing yield and liquidity.

However, there is no assurance that the investment objective of the Scheme will be achieved.

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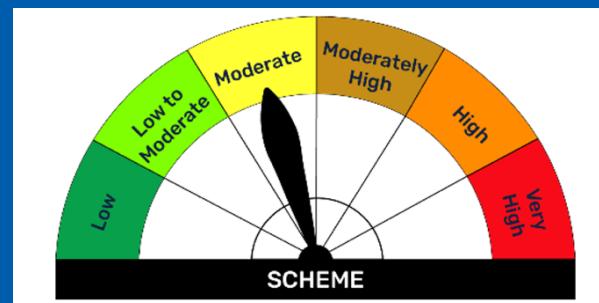
This product is suitable for investors who are seeking\*:

- Income over short term
- To generate income/capital appreciation through investments in low duration debt and money market instruments

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

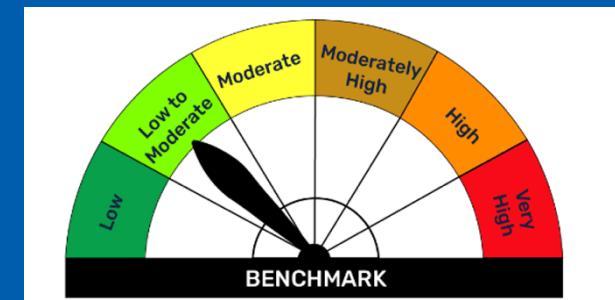
## RISKOMETER<sup>#</sup>

Scheme



The risk of the scheme is Moderate

Benchmark



The risk of the benchmark i.e. NIFTY Low Duration Debt Index A-I is Low to Moderate

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

**Potential Risk Class (PRC)**  
**(Maximum risk the scheme can take)**

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	
B-III – A Scheme with relatively high interest rate risk and moderate credit risk.				

# DISCLAIMER



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