



Bandhan CRISIL-IBX
Financial Services
3-6 months Debt Index Fund

Macro-economic Scenario and Yields



Fiscal deficit for FY26 is budgeted at **4.4%** of GDP, down from **4.8%** estimate for FY25. Gross and net market borrowing were budgeted at **Rs. 14.8tn** and **Rs. 11.5tn** respectively in FY26.



The **improving outlook** for services trade balance suggests a **positive** trajectory for the **CAD**, which is expected to create a more predictable and **stable interest rate environment**.

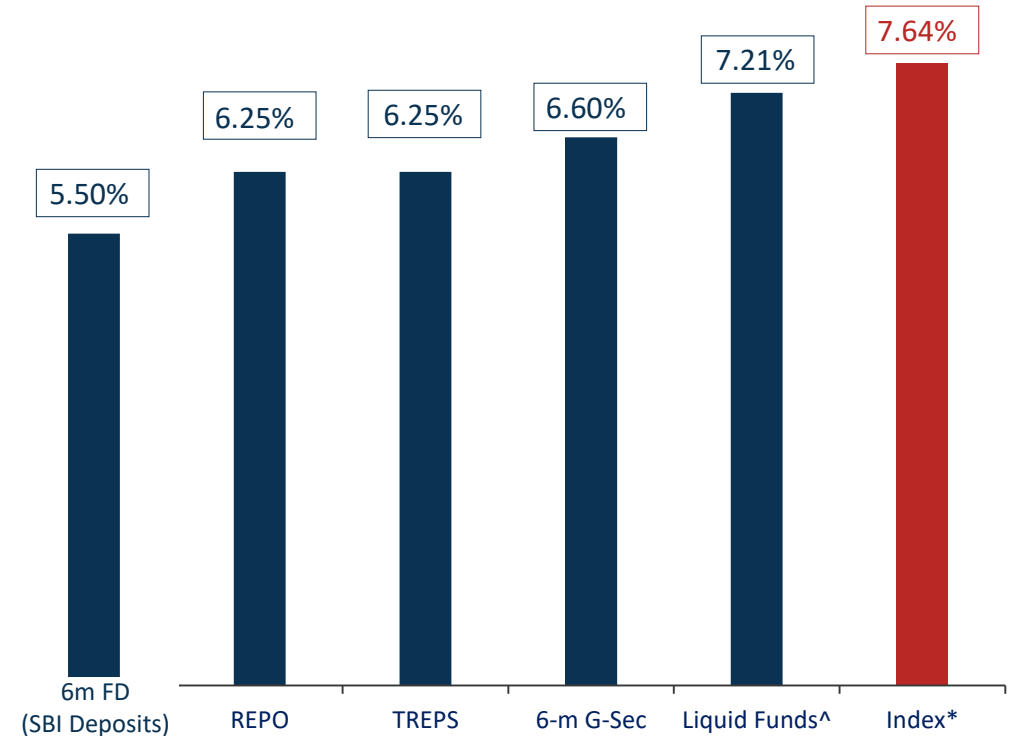


India's retail inflation eases to a five month low of **4.31%** in January, 2025.



Inflation subsided globally enough for monetary policy **easing to start globally**. Current yield in India is still attractive.

Annualized Yields as of 28th February, 2025



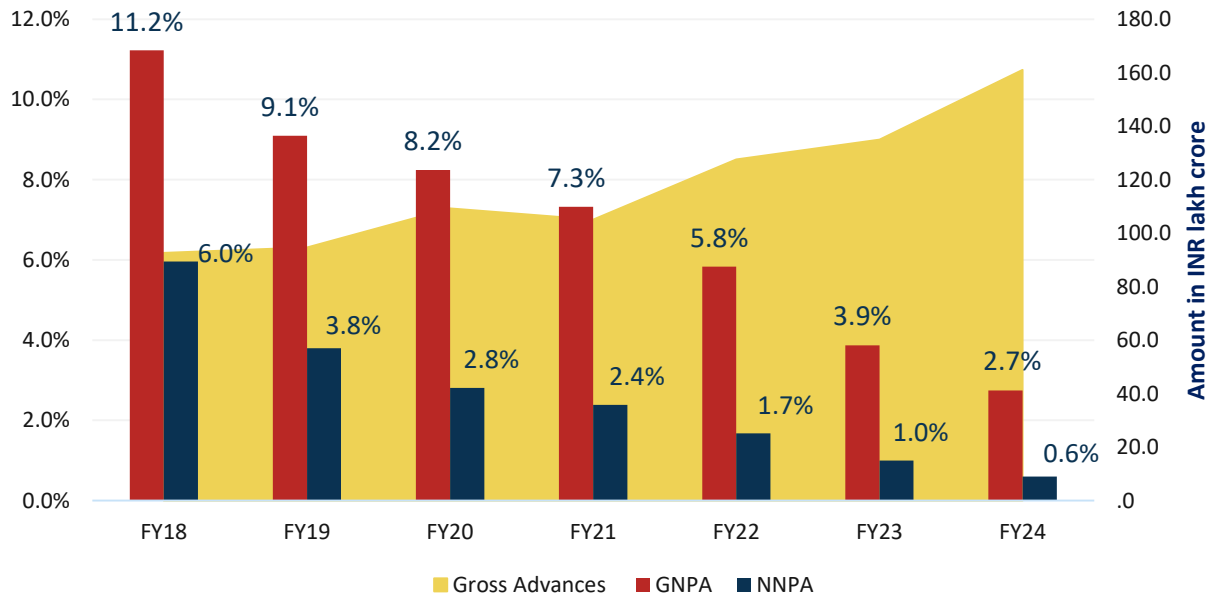
*Index: CRISIL-IBX Financial Services 3-6 months Debt Index, As on 28th Feb, 2025, ^Liquid Funds: Average YTM of liquid funds in the industry as on 31st Jan, 2025. CRAR- Capital Risk-Weighted Assets Ratio, CET1- Common Equity Tier 1; Source: Bandhan MF, Bloomberg, CRISIL, RBI FSR December 2024

Financial Sector- The Backbone of the Indian Economy

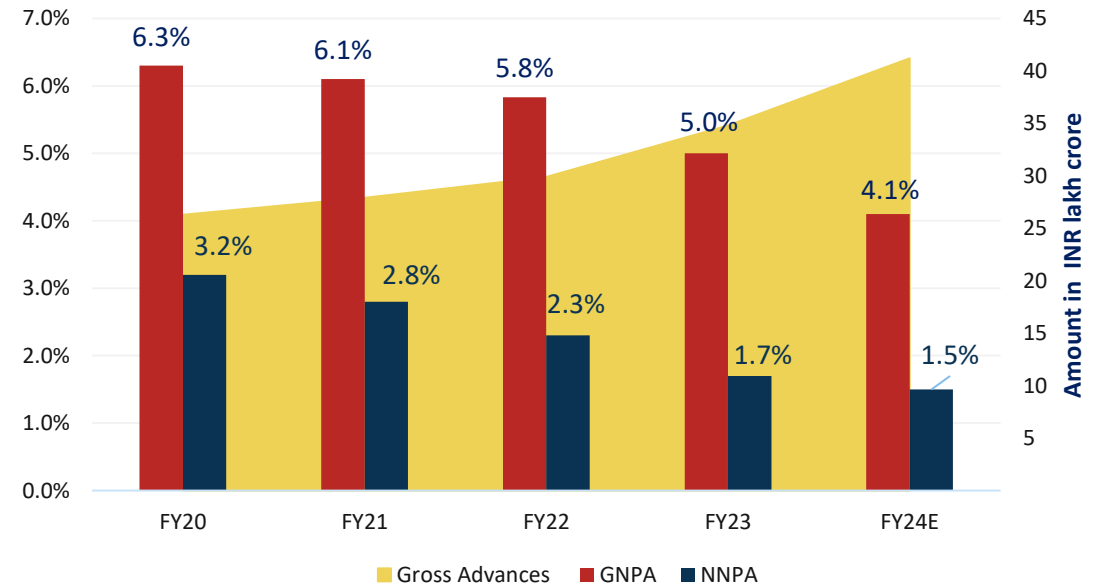
Growth & Stability:

The financial sector is resilient, with strong capital buffers, improving asset quality, and steady credit growth.

Banking Sector Financials



NBFC Sector Financials

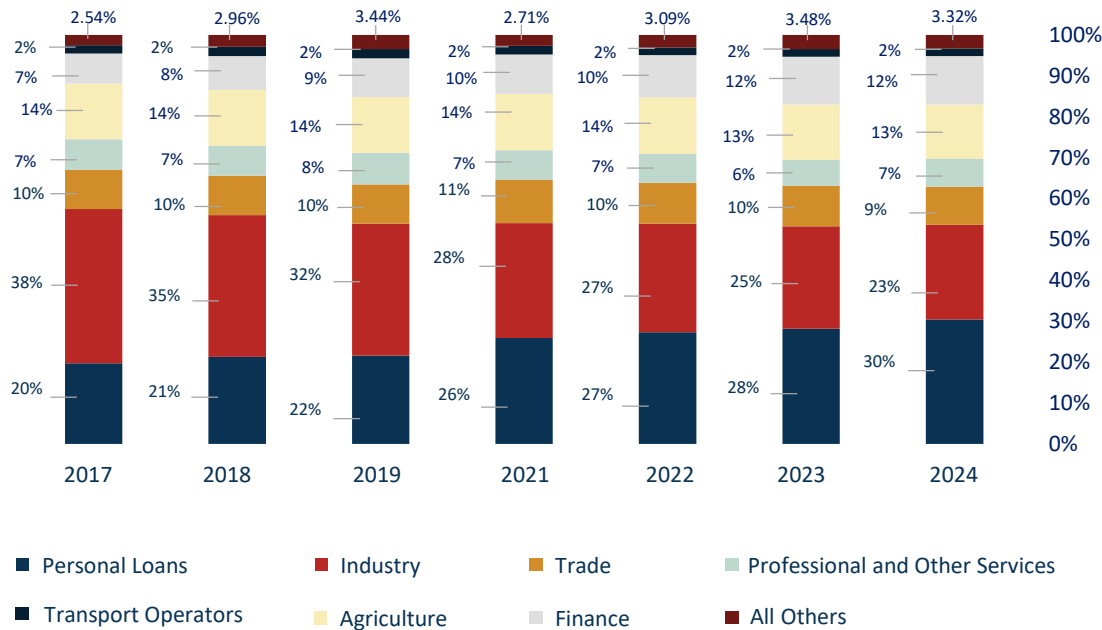


Financial Sector- The Backbone of the Indian Economy

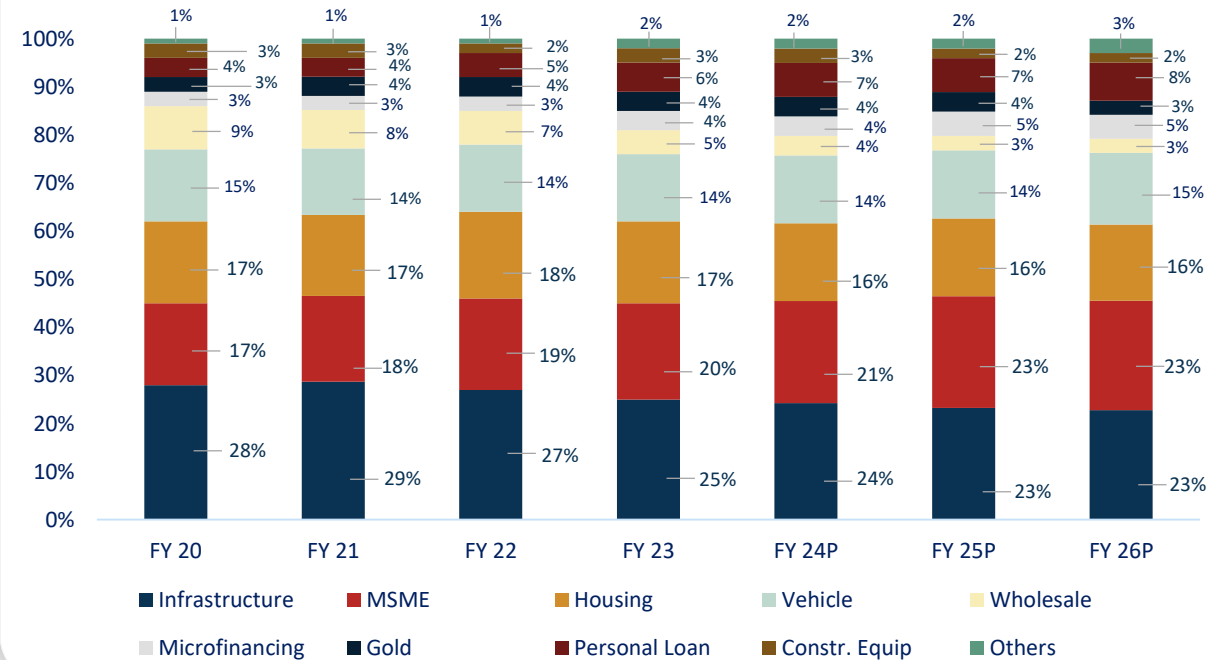
Diverse Opportunities:

Banks maintain diversified loan portfolios across sectors and borrower profiles, which helps manage risk effectively and strengthens overall financial stability.

Distribution of Bank Credit across asset classes



Distribution of NBFC Credit across asset classes



Key Sectors and Improving KPIs

Banking Sector

Asset Quality:



- The Gross Non-Performing Assets (GNPA) ratio for SCBs has dropped to a 12-year low of 2.6% (Sep 2024).
- This indicates a healthier loan book with reduced default risks.

Profitability Surge:



- SCBs have seen a 22.2% YoY increase in net profits, driven by better operational efficiency and loan recovery mechanisms

Capital Adequacy & Resilience:



- Capital to Risk-Weighted Assets Ratio (CRAR) at 16.7%, well above the regulatory minimum of 9%, ensuring strong financial health.

Non-Banking Financial Companies (NBFCs):

Expanding Market Share:



- NBFCs have experienced a 16% YoY credit growth, indicating their increasing role in consumer finance, SME lending, and infrastructure funding.

Resilience:



- The NBFC sector remains healthy with sizeable capital buffers (CRAR at 26.1% in Sep 2024), sturdy interest margins and earnings (NIM at 5.1% and RoA at 2.9%) and improving asset quality.

Strong Risk Management Practices:

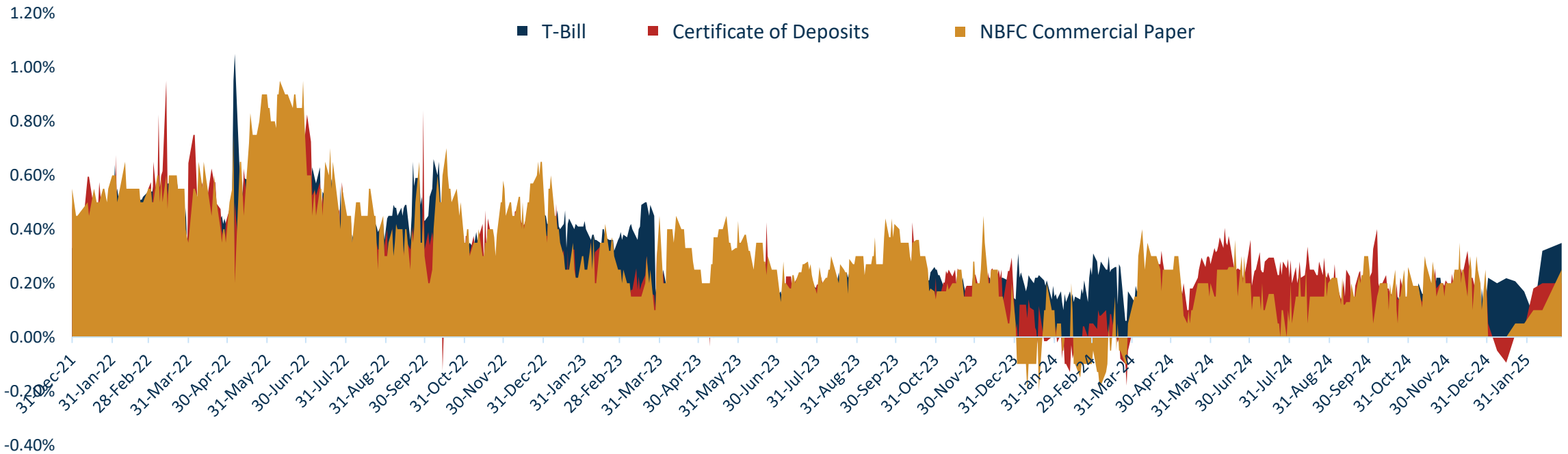


- The RBI has tightened risk assessment, capital norms, and stress testing, leading to higher investor confidence and lower default risks.

Return Dynamics- Term Premium

- The T-Bill curve carries term premium as we go across '3m- 6m' categories and the premium varies across instruments. The median 3m-6m term premium for T-Bill is ~ 22 bps.
- CPs and CDs offer a higher term premium than T-Bill. The median for CPs and CDs is 0.25% and 0.23% respectively.

Term Premium across Securities

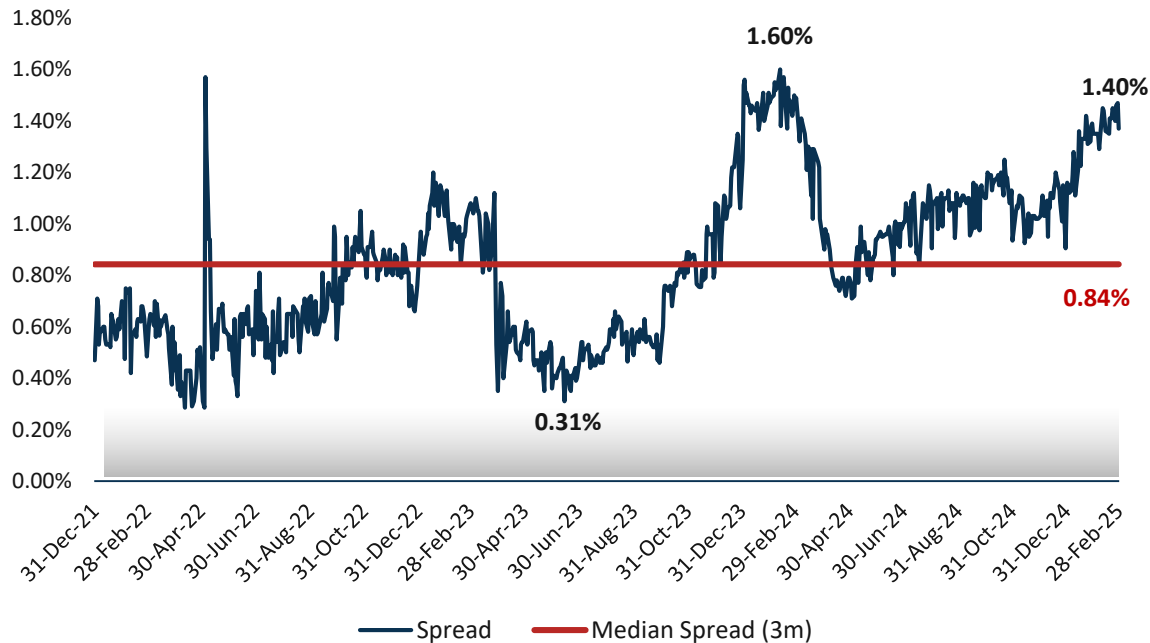


Data as on 28th February, 2025
Source: Bandhan MF, Bloomberg

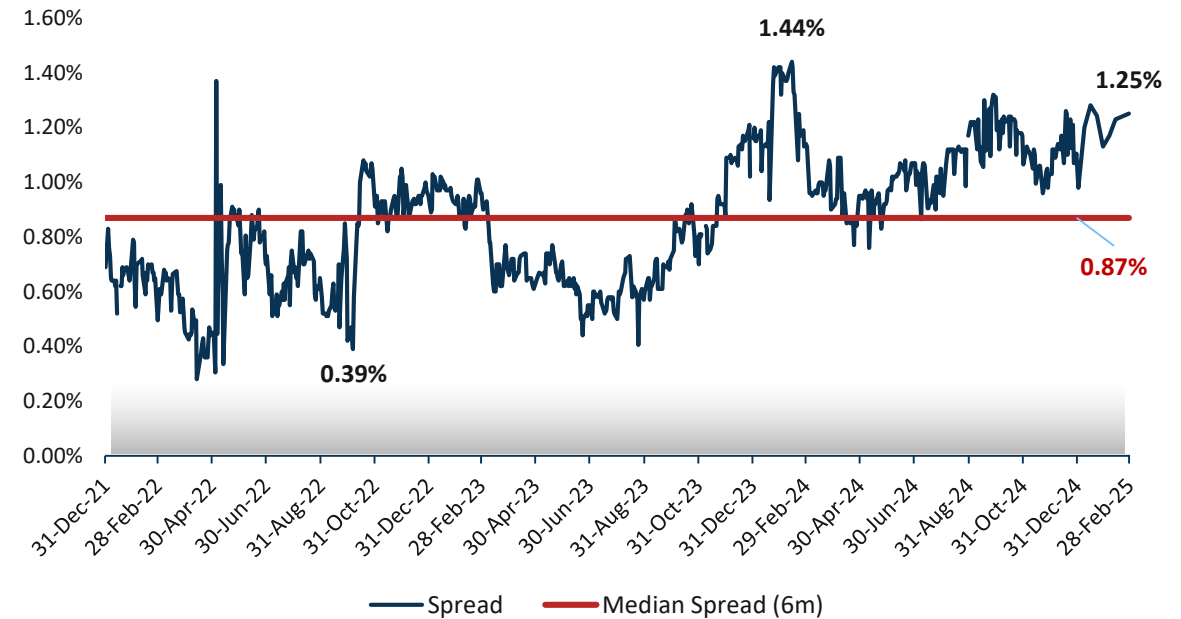
Return Dynamics – Sector Premium

- The financial services sector offers a premium over T-bills with the 3 month and 6 month median being at 0.84% and 0.87% respectively.
- The difference between the current spread and the median spread is higher for 6 month papers.

NBFC CP over T-Bill (3 months)



NBFC CP over T-Bill (6 months)

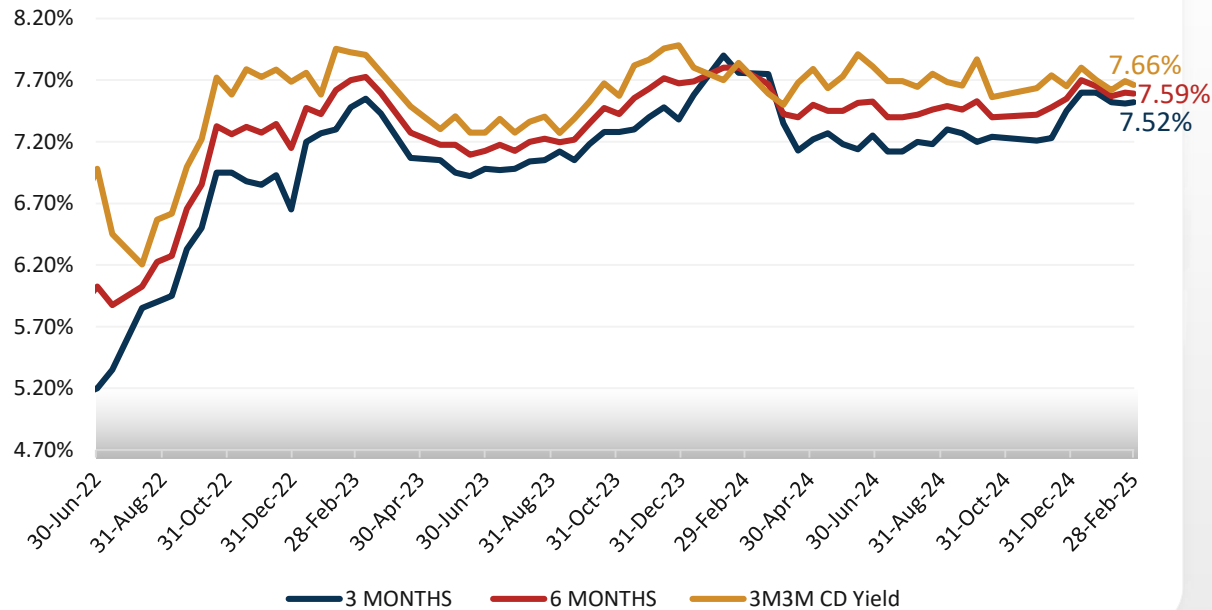


Data as on 28th February, 2025
Source: Bandhan MF, Bloomberg

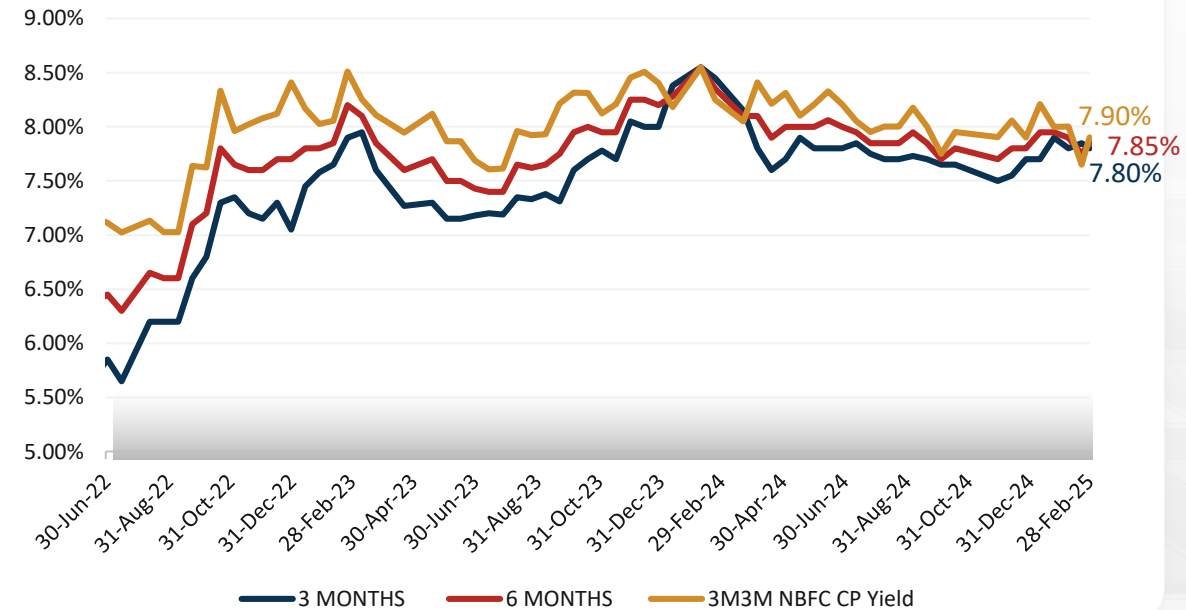
Elevated Implied Forward Rates

- 6 month papers generate higher accruals. Alternatively investing in 3 month papers would entail also generating 3M3M yields.
- The 3M3M yields (3-month forward 3-month yield) is the implied forward rate that a 3-month bond would need to offer three months from today.

CD 3M3M Yield



NBFC 3M3M Yield



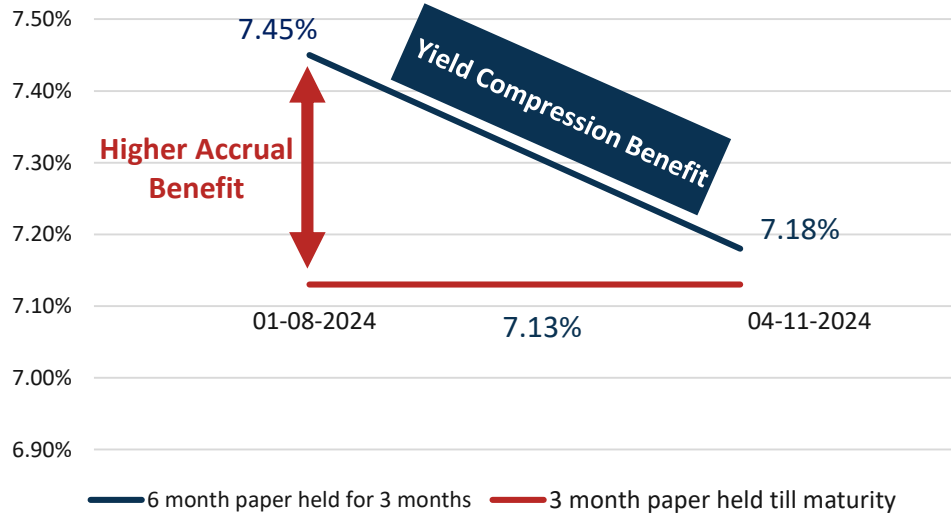
Data as on 28th February, 2025. Yields are taken Fortnightly from 30th Jun, 2022.
Source: Bandhan MF, Bloomberg

Fund Strategy – Roll Down Benefit

The fund benefits from:

- Yield compression due to its roll down strategy owing to high demand in the liquid category*.
- Higher accruals.

Yield Compression in a 6 month security held for 3 months



Security	Investment Horizon	Accrual	MTM Gains	Absolute Return	Annualized Return
6 month paper held for 3 months	90 days	7.45%	~10 bps	1.97%	7.88%
3 month paper held till maturity	90 days	7.13%	-	1.78%	7.12%



Source: Bandhan MF Research. The above representation is for illustration purposes only.

*Note: The yields Considered are for NABARD and Export Import Bank. * The AAUM in the liquid category stood at INR 5,62,516 crs as on 31st January, 2025.

Past performance may or may not be sustained in future. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities.

The Passive Approach

Debt Passive Funds



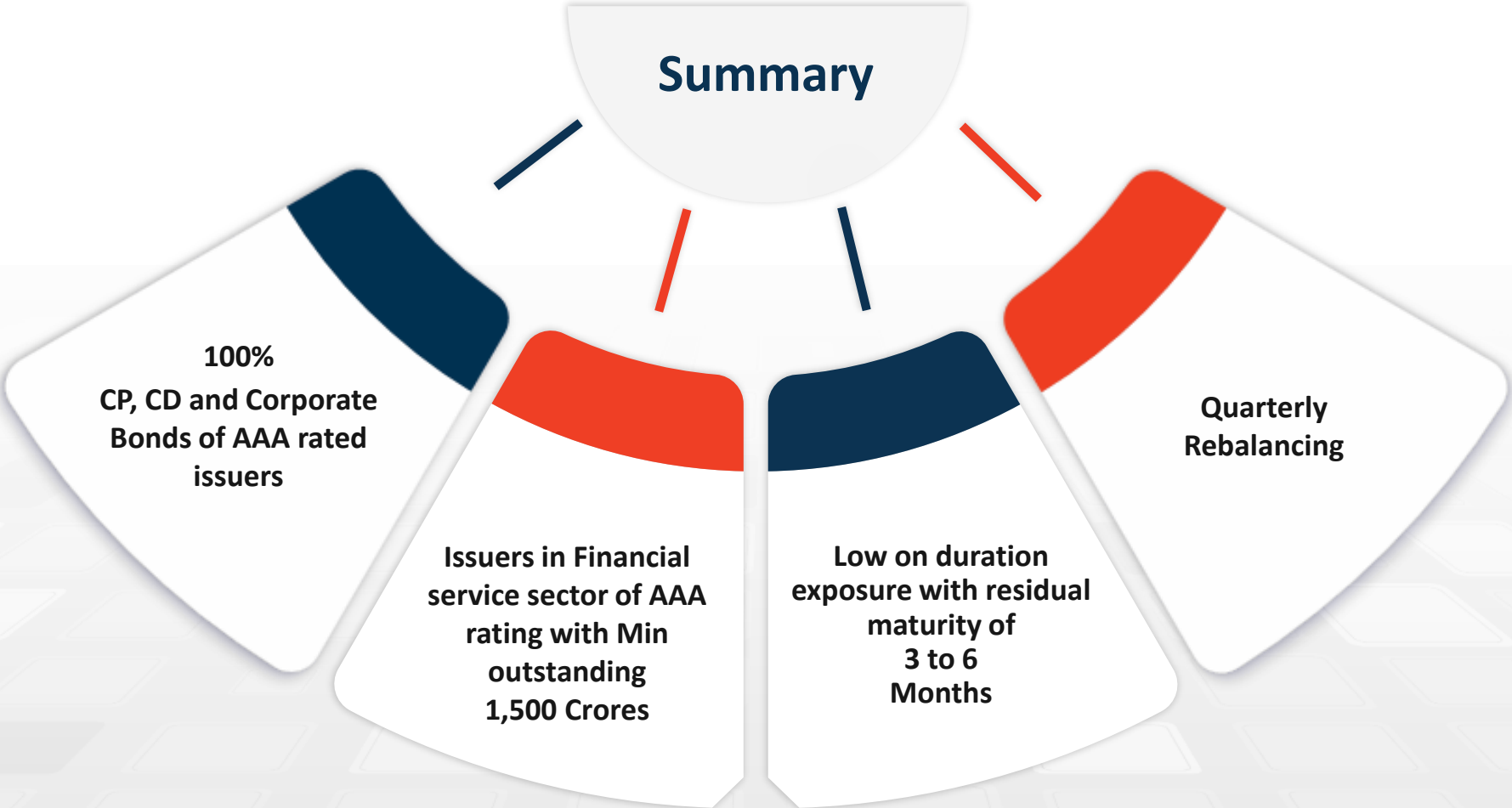
Unlock **short-term debt** opportunities with the

Bandhan CRISIL-IBX Financial Services 3-6 Months Debt Index Fund

NFO Opens: **6th March 2025**
NFO Closes: **11th March 2025**



Index Methodology Summary



Index Composition (1/2)

Issuer	Sector	Maturity Date	Weightage
Corporate Bonds			
Kotak Mahindra Prime Ltd.	NBFC	20-Jun-25	5.56%
Rural Electrification Corporation Ltd.	Financial Institution	08-Jun-25	5.56%
Power Finance Corporation Ltd.	Financial Institution	15-Jun-25	5.55%
Mahindra & Mahindra Financial Services Ltd.	NBFC	26-Jun-25	5.56%
LIC Housing Finance Ltd.	Housing Finance Company	20-Jun-25	5.56%
Export Import Bank of India	Financial Institution	20-Jun-25	5.56%
Bajaj Finance Ltd.	NBFC	10-Jun-25	5.56%
Certificate of Deposits (CDs)			
Punjab National Bank	Public Sector Bank	15-May-25	5.56%
National Bank for Agriculture & Rural Development	Financial Institution	24-Jun-25	5.55%
Axis Bank Ltd.	Private Sector Bank	06-Jun-25	5.56%
Kotak Mahindra Bank Ltd.	Private Sector Bank	11-Jun-25	5.55%
ICICI Bank Ltd.	Private Sector Bank	27-Jun-25	5.55%
HDFC Bank Ltd.	Private Sector Bank	24-Jun-25	5.55%
HDB Financial Services Ltd.	NBFC	19-Jun-25	5.56%
Canara Bank	Public Sector Bank	28-May-25	5.56%
Bank of Baroda	Public Sector Bank	09-Jun-25	5.55%
Commercial Paper (CP)			
Small Industries Development Bank of India	Financial Institution	26-Jun-25	5.55%
Sundaram Finance Ltd.	NBFC	25-Jun-25	5.55%


Index portfolio parameters as on 28th Feb, 2025

 **Index Yield**
7.64%

 **Avg. Mat**
106 days

 **Issuer Max Weight**
15%

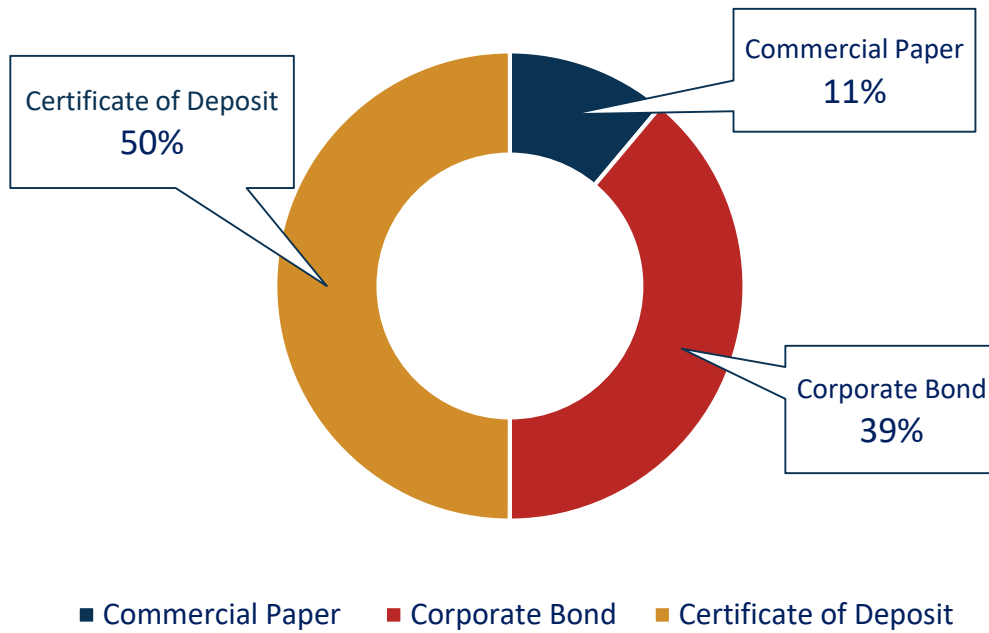
 **Issuer Current Weight**
5.56%

 **Issuer Limits**
8-20

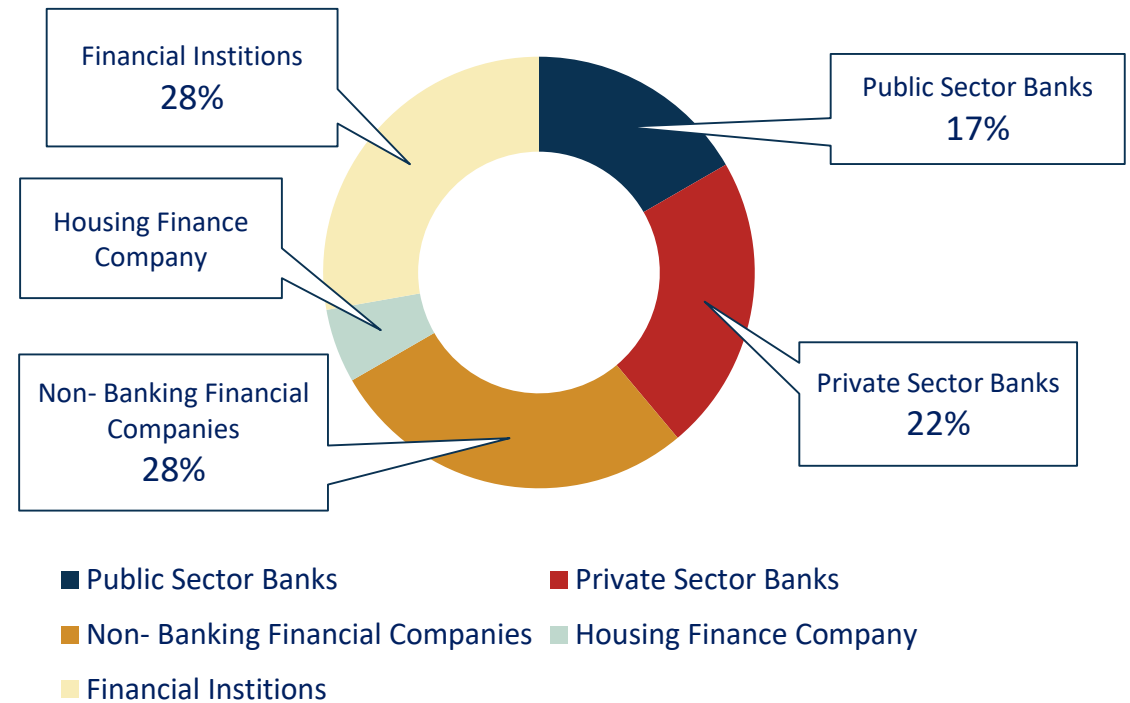
 **Current Issuers**
18

Index Composition (2/2)

Security Type



Sector Weightage



Key Reasons to Invest

1

Yield compression benefit due to significant demand from liquid category.

2

Higher accruals due to term premiums.

3

The financial services sector offers relatively higher yields.

4

Credit risk limited to AAA rated securities related to financial sector services.

5

Short term papers reducing interest rate risk.

6

Investments are made only in highly liquid assets.

Key Product Features

	Bandhan CRISIL-IBX Financial Services 3-6 Months Debt Index Fund	Liquid Active Fund(s)
Fund Management	Passively managed, with roll down - 6 to 3 months, and then reset on rebalance	Active management with buy and hold strategy
Regulatory Focus	Compliance with MF Regulation, subject to tracking errors*	Compliance with MF Regulations, subject to LCR and sectoral caps
Portfolio Selection	3-6 months tenor across CP, CD and bonds	Discretionary, the guideline is to limit maturity to 91 days or less
Sizing and Rating	Issuer & security level thresholds on outstanding. Rating to uphold AAA(A1+)	Flexibility on size, fund managers can consider Non-AAA rated securities
Key Product Differentiation	No entry / exit load 3-6 months duration with yield uptick	Entry / Exit load - Subjective Minimal duration exposure

Scheme Details

Name of Scheme	Bandhan CRISIL-IBX Financial Services 3-6 Months Debt Index Fund		
Structure of the Scheme	An open ended Constant Maturity Index Fund tracking the CRISIL-IBX Financial Services 3-6 Months Debt Index. A relatively low interest rate risk and relatively low credit risk.		
Investment Strategy	The Scheme follows a passive investment strategy. The Scheme will replicate income over the constant maturity period of its underlying index i.e., CRISIL-IBX Financial Services 3-6 Months Debt Index, subject to tracking errors. Accordingly, the Scheme will invest in securities in line with the benchmark index of the Scheme.		
Asset Allocation		Allocation (% of net assets)	
	Instrument	Minimum	Maximum
	Instruments representing the CRISIL-IBX Financial Services 3-6 Months Debt Index	95	100
Cash and Cash Equivalents & Money Market instruments#	0	5	
Options under the Scheme	The Scheme has two Plans - Regular Plan & Direct Plan, with a common portfolio and separate NAVs. Each of the Plans will offer Growth option.		
Minimum Application Amount	<ul style="list-style-type: none"> • Lumpsum purchase - Rs. 1000/- and in multiples of Re. 1/- thereafter • - SIP - Rs. 100/- and in multiples of Re. 1 thereafter [Minimum 6 installments] • - STP - Rs. 500/- and any amount thereafter 		
Benchmark Index	CRISIL-IBX Financial Services 3-6 Months Debt Index		
Load Structure	Exit Load: NIL		
Fund Managers	Mr. Brijesh Shah & Mr. Harshal Joshi		

Product Labelling

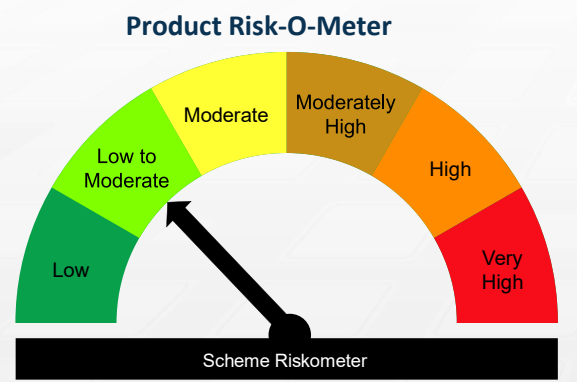
Fund Name	<p>Bandhan CRISIL-IBX Financial Services 3-6 months Debt Index Fund</p> <p>An open ended Constant Maturity Index Fund tracking the CRISIL-IBX Financial Services 3-6 Months Debt Index. A relatively low interest rate risk and relatively low credit risk.</p>
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Product Labelling
 This product is suitable for investors who are seeking*:

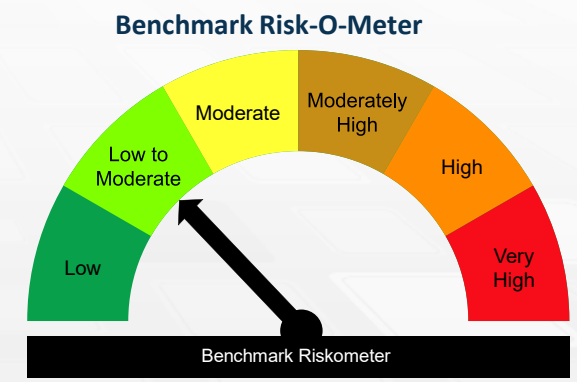
- Income through exposure over the shorter-term maturity instruments
- Investment in an open ended Constant Maturity Index Fund that seeks to track CRISIL-IBX Financial Services 3-6 Months Debt Index

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

Potential Risk Class Matrix			
Credit Risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk of the scheme ↓			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Relatively Low Credit Risk.			



The risk of the scheme is low to moderate.
 Investors understand that their principal will be low to moderate



The risk of the benchmark is low to moderate.
 CRISIL-IBX Financial Services 3-6 months Index Fund

Disclaimer

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

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Thank You

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

