



# Bandhan US Treasury Bond 0-1 year Fund of Fund

India's

1<sup>st</sup>

US DEBT  
(ETF) Fund

NFO Opens: 10<sup>th</sup> March, 2023 | NFO Closes: 23<sup>rd</sup> March, 2023

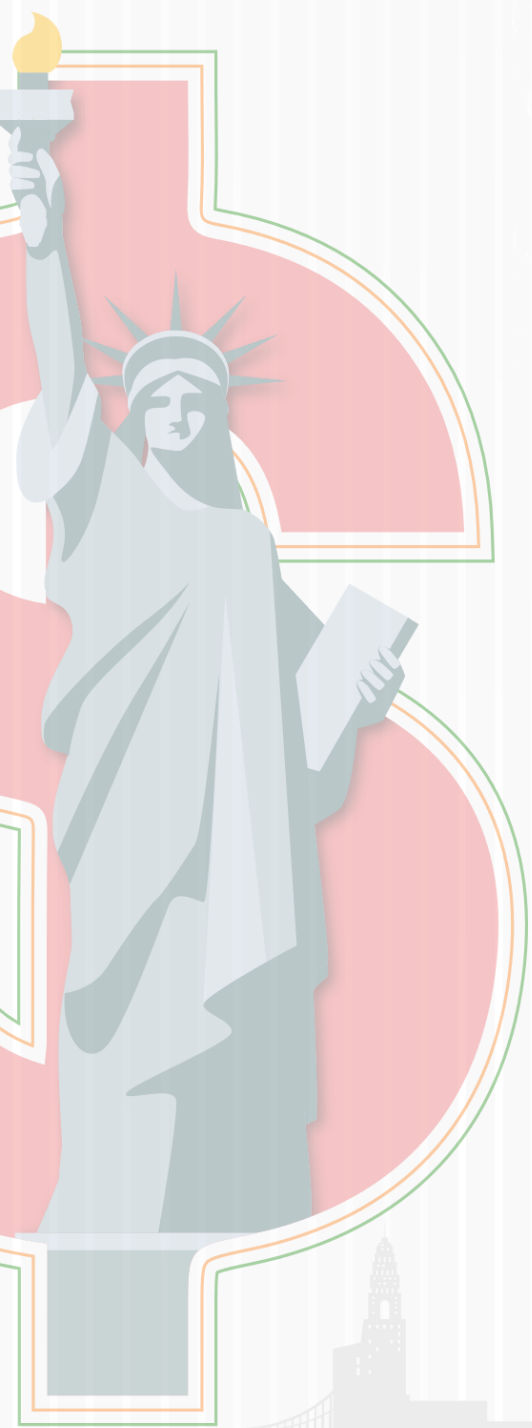
With effect from 13<sup>th</sup> March 2023, the name of "IDFC Mutual Fund" has changed to "Bandhan Mutual Fund" and the Scheme 'IDFC US Treasury Bond 0-1 year Fund of Fund' is renamed to 'Bandhan US Treasury Bond 0-1 year Fund of Fund'.



★ Why US treasury for geographical diversification?

★ Why 0 to 1 year maturity US Treasury Fund now?

★ Why Bandhan US Treasury Bond 0-1 year Fund of Fund?



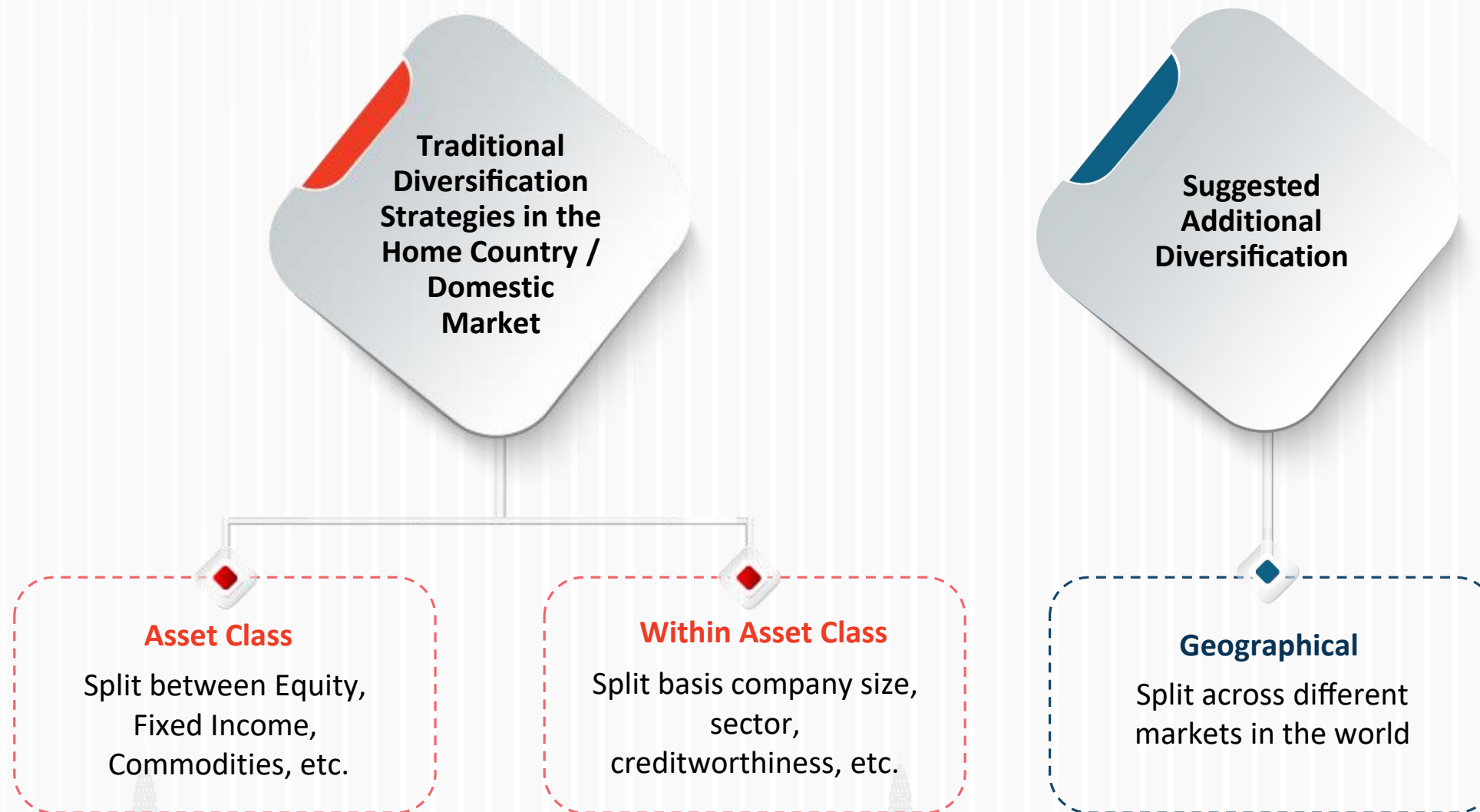
★ Why US treasury for geographical diversification?

★ Why 0 to 1 year maturity US Treasury Fund now?

★ Why Bandhan US Treasury Bond 0-1 year Fund of Fund?

## Participation only in Indian assets has historically limited the Indian investor's portfolio

*Investing in global markets offers a powerful opportunity for improved diversification*



While allocation to global equities is picking steam,  
platforms for Indian investors to gain access to global Fixed Income securities are limited



Existing platform  
options for  
international fixed  
income investment

**Via LRS**  
(Liberalized Remittance Scheme)

20% TCS applicable as per the Finance Bill  
2023 from 1<sup>st</sup> July 2023\*

**Via Mutual Funds**

Not available for Fixed Income  
***At present, essentially available for  
Equity***

Note: For international fund of fund investments, other than equity taxation applies i.e. at tax slab when invested for upto 3  
years and 20% with indexation when invested for greater than 3 years. TCS: tax collected at source

\*excluding travel and medical

# US sovereign securities are essential for global allocation



## Core allocation

US is the world's largest economy, with the world's most dominant reserve currency



## Relatively safer asset

US sovereign is rated S&P AA+ / Fitch AAA vs. India sovereign rated as BBB-



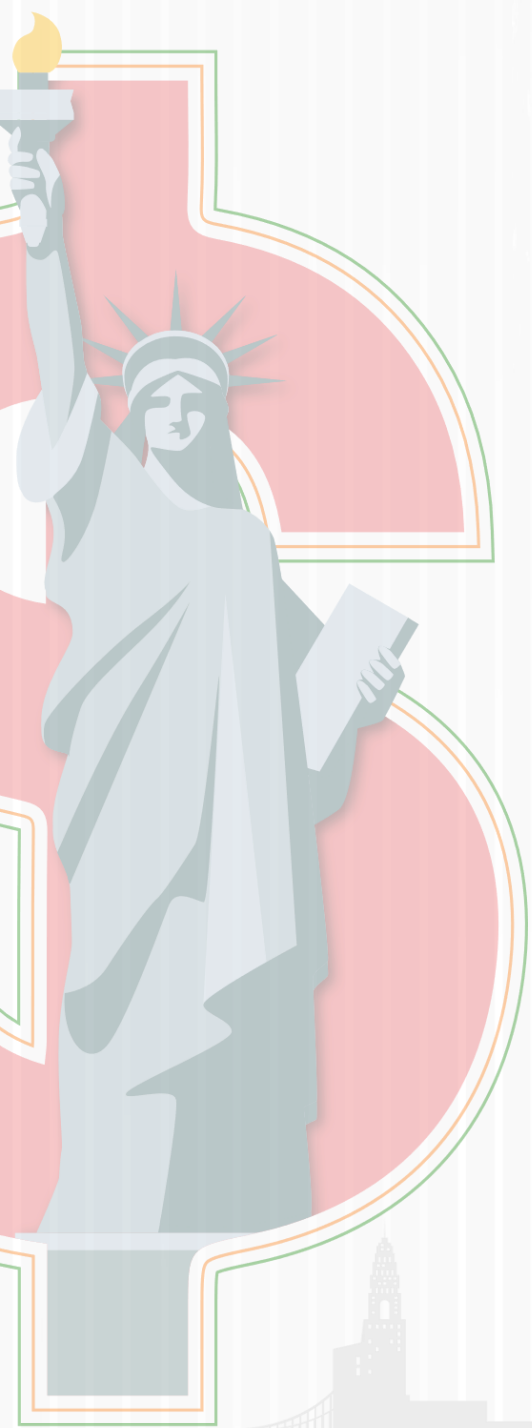
## Attracting flows

With concerns emerging on global economic growth, a rise in risk-off sentiment is being witnessed, favoring US bonds over other economies' bonds and equities



## Opportune investment time

The rise in yields offer decent potential returns to investors



★ Why US treasury for geographical diversification?

★ Why 0 to 1 year maturity US Treasury Fund now?

★ Why Bandhan US Treasury Bond 0-1 year Fund of Fund?

0 to 1 year maturity US Treasuries  
Reflect high quality combined with low volatility



High Quality

Short-dated dollar-denominated **government** bonds



Low Volatility

Exposure to securities with a maturity between zero and one year translates to **low duration risk**, i.e. impact due to interest rate sensitivity



## Consider 0 to 1 year maturity US Treasury investment

*A defensive portfolio allocation to balance equity risk, or to reduce interest rate sensitivity*

\*\*\*

\*\*\*

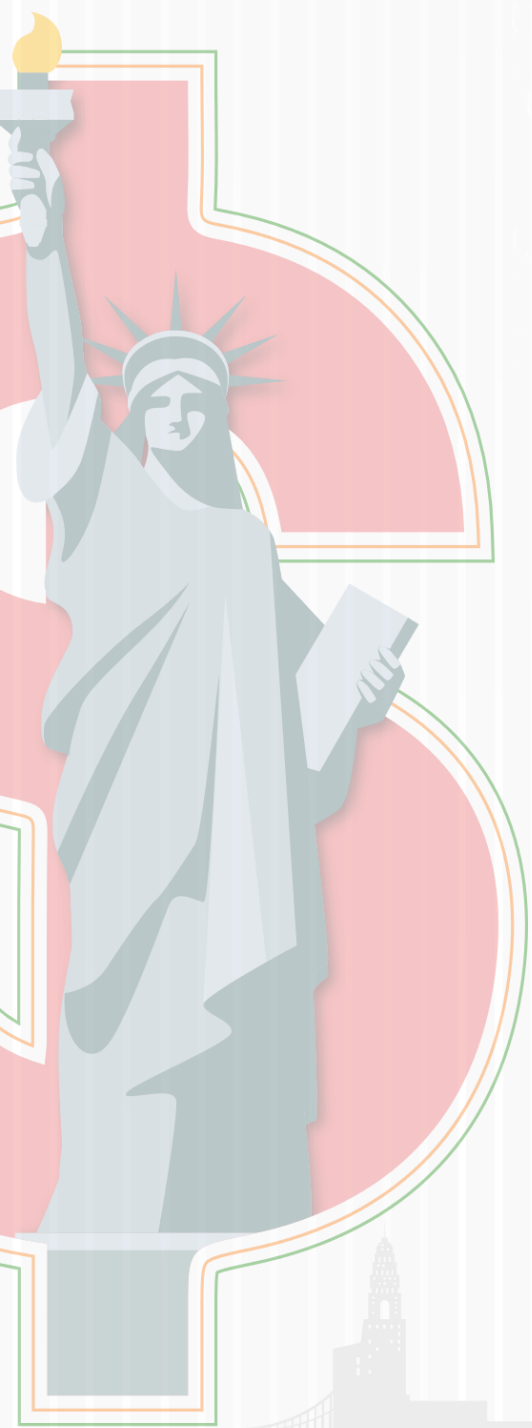
Liquid, low cost beta  
**exposure** to short-  
dated dollar-  
denominated US  
government bonds

Build **fixed income**  
**asset** in a dominant  
international **reserve**  
**currency**

Build a **US\$ asset** to  
meet **potential USD**  
**expenses / liabilities**

Invest in the  
relatively **high-**  
**quality** US asset –  
Sovereign  
securities

Benefit from the  
**relatively lower**  
**volatile short duration**  
**investment**



★ Why US treasury for geographical diversification?

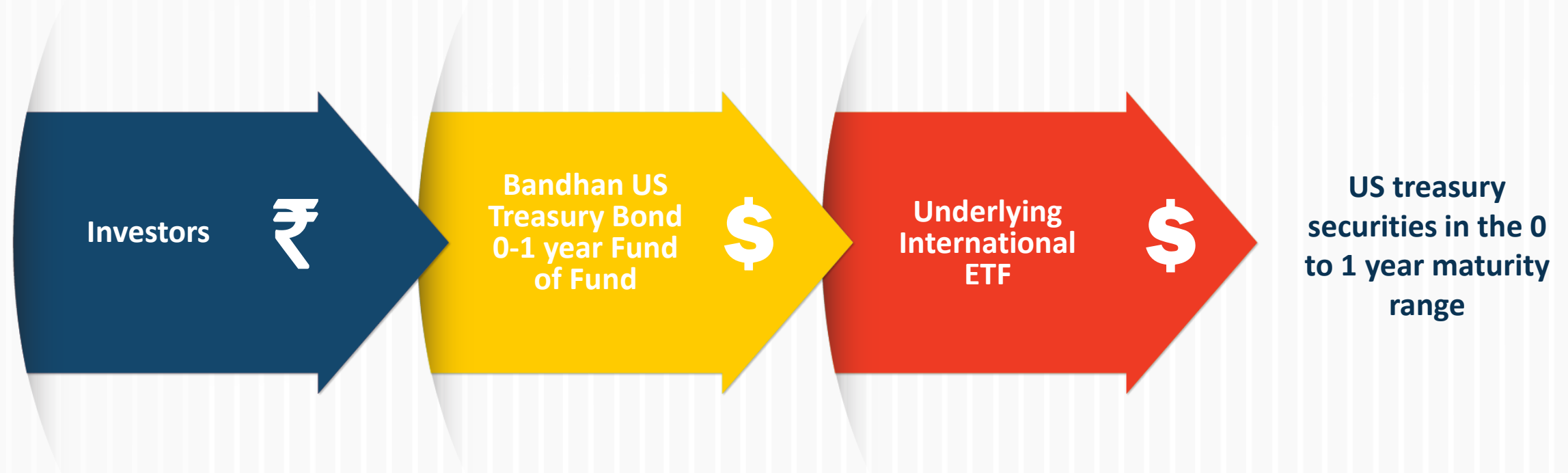
★ Why 0 to 1 year maturity US Treasury Fund now?

★ Why Bandhan US Treasury Bond 0-1 year Fund of Fund?

## An overview of the Bandhan US Treasury Bond 0-1 year Fund of Fund

*An open ended fund of fund scheme investing in units / shares of overseas Index Funds and / or Exchange Traded Funds which track an index with US treasury securities in the 0-1 year maturity range as its constituents*

### Structure of the Investment



*Note: It will not be a dedicated feeder fund structure and the Indian fund is open to invest in funds that meet the investment objective and strategy*

## Benefit of Investing in Bandhan US Treasury Bond 0-1-year Fund of Fund



Open-ended mutual fund (FoF) structure



Passive management –  
Underlying is an  
Exchange Traded Fund



100% investment in  
US treasury

## About the underlying scheme



### Name

JPMorgan ETFs (Ireland) ICAV -  
BetaBuilders US Treasury Bond 0-  
1 year UCITS ETF



### Country exposure

100% US



### Underlying securities

As on 28th Feb 2023, ~66% in treasury  
bills (zero coupon bonds) and ~34% in  
Treasury Notes (bonds with fixed  
interest rate)



### Benchmark

ICE 0-1 Year US Treasury  
Securities Index



### Investment Objective

The Sub-Fund seeks to provide an exposure to the  
performance of US Dollar-denominated fixed rate  
government bonds issued by the US Treasury with a  
maturity of less than one year.



### Number of holdings

71

Data as on 28th February 2023. Bandhan US Treasury Bond 0-1 year Fund of Fund reserves the right to change the underlying fund as mentioned in the SID.

## About the underlying scheme



### Build beta exposure to shorter-dated US government bonds

BBIL provides investors with access to the performance of dollar-denominated government bonds by closely tracking ICE 0-1 Year US Treasury Securities Index.

#### EXPERTISE

- Leverages J.P. Morgan's experience in quantitative research and portfolio management, employing a team approach led by Dr. Yazann Romahi, CIO of Quantitative Beta Strategies.

#### PORTFOLIO

- Aims to minimise tracking error to the ICE 0-1 Year US Treasury Securities Index – debt-weighted benchmark that provides exposure to the performance of eligible debt securities with a maturity between zero and one year that have been issued by the United States Treasury.

#### RESULTS

- Offers investors liquid, low-cost beta exposure to short-dated dollar-denominated government bonds – as a defensive portfolio allocation to balance equity risk, or to reduce interest rate sensitivity.

Strategy	High Quality + Low volatility
Credit Quality	100% US Sovereign
Average Maturity	0.3 years
Fund Size	USD 2.4 bn

Data as on 28th February 2023. Bandhan US Treasury Bond 0-1 year Fund of Fund reserves the right to change the underlying fund as mentioned in the SID.

## Who should consider investing in Bandhan US Treasury Bond 0-1-year Fund of Fund?



### Seeking to create USD asset



With limited duration sensitivity, intending to **create a USD asset** for funding a near term or defined expense without wanting to take any equity market linked volatility

### Seeking global opportunity



Seeking to **capture the current high yield of the US treasury**, optimising the investment opportunity provided by the historic low levels of yield differential between the US and India sovereign bonds

### Seeking to benefit from currency depreciation

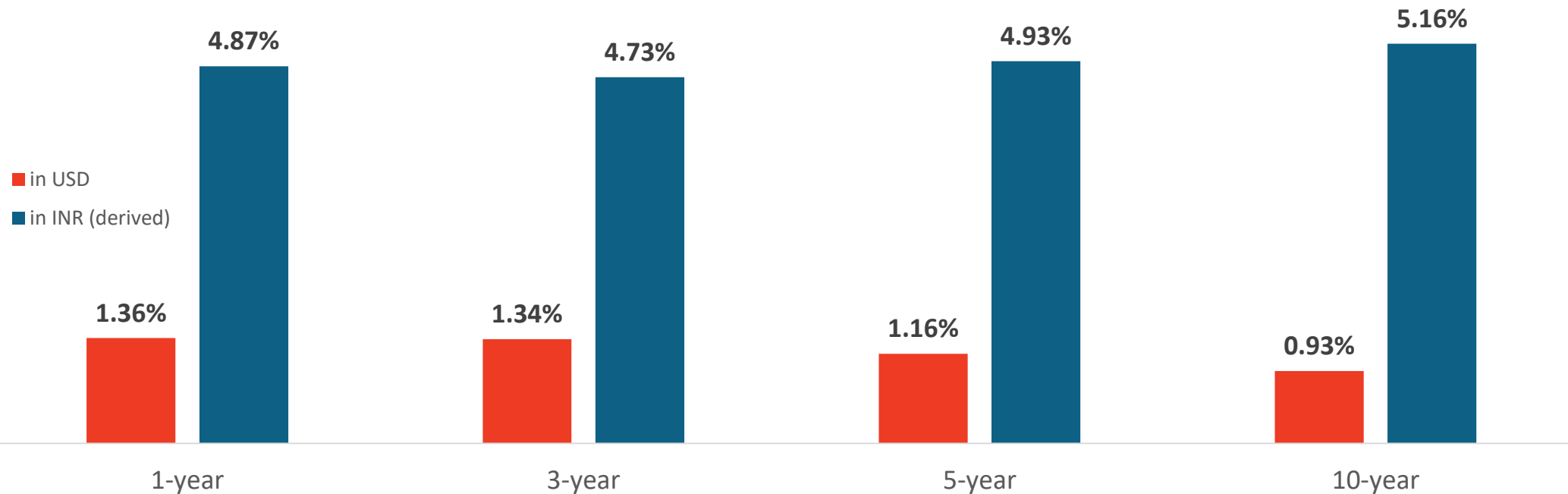


Looking to **gain dual exposure** i.e., US treasury plus USD INR currency movement. Any further depreciation in the INR is expected to enhance returns. However, any possible **strengthening/ appreciation of the INR can negatively impact total returns from the Fund of Fund**

## Relatively attractive long-term INR returns



Average rolling returns across investment horizons  
Long-term returns in USD are about 100 bps and INR returns are around 500 bps



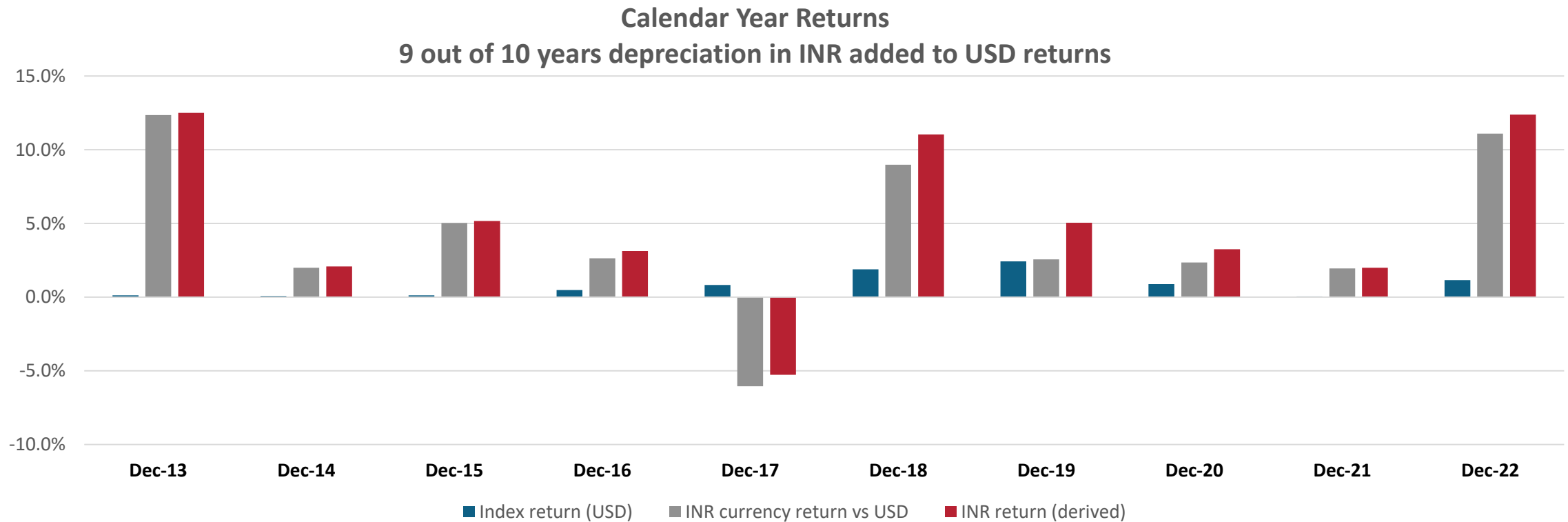
Source: ICE, Data as on 28<sup>th</sup> February 2023, basis underlying index levels since Jan 2004. Past performance is not an indicator of future performance.



## Potential impact of currency movement



- Depreciation in the INR vs USD can positively impact the return to the Indian investor
- Any possible strengthening/ appreciation of the INR can negatively impact total returns from the Fund of Fund



Source: ICE, investing.com. Data of underlying index has been considered for the USD return. Past performance is not an indicator of future performance.

## Key factors that can affect investment experience



**Interest rate  
movement**

Considering the average maturity and duration at 0.3 years, any potential increase or decrease in interest rates is expected to have minimal impact on the yield of the Underlying Fund.



**Currency  
Movement**

While in 9 out of the last 10 calendar years, INR has depreciation against the US dollar, any possible strengthening/ appreciation of the INR can negatively impact total returns from the Fund of Fund.

## Fund details



### NFO Period

10<sup>th</sup> March 2023 to  
23<sup>rd</sup> March 2023



### Fund Manager

Mr. Sreejith Balasubramanian  
(Overseas portion)  
Mr. Brijesh Shah (Debt portion)



### Benchmarks

ICE 0-1 Year US Treasury  
Securities Index



### Exit Load

0.25% of applicable NAV - if the units are redeemed/switched out within 1 month from the date of allotment  
Nil – if the units are redeemed / switched-out after 1 month from the date of allotment



### Subscription

#### During New Fund Offer:

Rs. 1,000/- and in multiples of Re. 1/- thereafter

#### During Ongoing Offer:

##### Subscription:

Fresh Purchase (including switch-in) - Rs. 1,000/- and in multiples of Re. 1/- thereafter  
Additional Purchase (including switch-in) - Rs. 1,000/- and any amount thereafter

**Redemption:** Rs.1,000/- or the account balance of the investor, whichever is less.

**SIP:** Rs.100/- and in multiples of Re .1 thereafter

**STP** (being Target Scheme): Rs.500/- and any amount thereafter (for Fixed amount option) /  
Rs.500/- and any amount thereafter (for capital appreciation option)

**SWP:** Rs. 200 and any amount thereafter



### Investment Objective

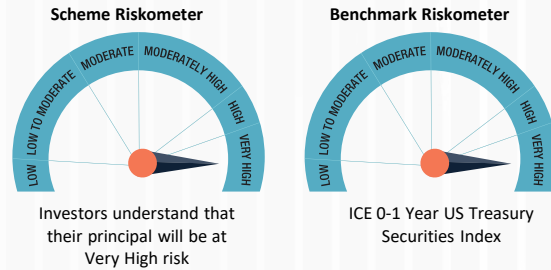
The investment objective of the Scheme is to provide long-term capital appreciation by passively investing in units / shares of overseas Index Funds and / or ETFs which track an index with US treasury securities in the 0-1 year maturity range as its constituents, subject to tracking error.

However, there can be no assurance that the investment objective of the Scheme will be realized.

## Disclaimer: Bandhan US Treasury Bond 0 to 1 year Fund of Fund



*An open ended fund of fund scheme investing in units / shares of overseas Index Funds and / or Exchange Traded Funds which track an index with US treasury securities in the 0-1 year maturity range as its constituents*



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

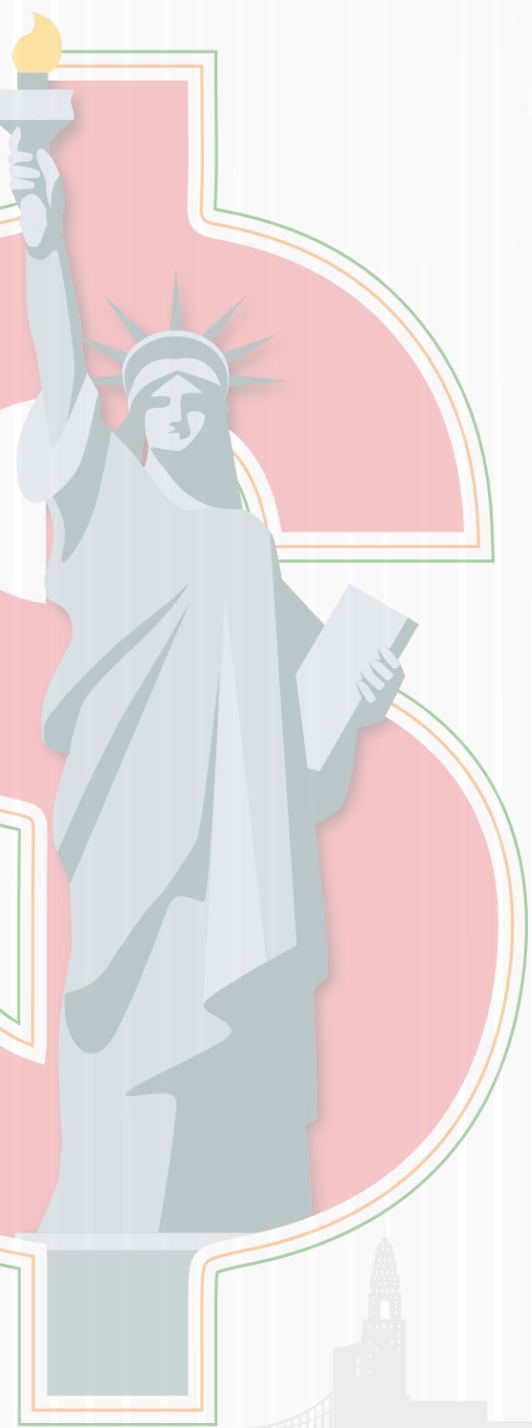
- To create wealth over long term
- Generate returns through investing in US treasury securities in the 0-1 year maturity range

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

The identity of the issuer of the Promotion Material and the investment product which is the subject of the Promotion Material and the content of the Promotion Material has been verified by the issuer thereof; The Promotion Material is not issued by J.P. Morgan Asset Management (Singapore) Limited (JPMAMSL), any of its Affiliates or a JPMorgan Fund and the Promotion Material does not relate to a direct investment in any JPMorgan Fund; neither JPMAMSL, any of its Affiliates or a JPMorgan Fund has reviewed the contents of the Promotion Material and accordingly takes no responsibility for the accuracy of the contents of the Promotion Material or any liability for any statement or misstatement in the Promotion Material; and an investor would be investing into an investment product which is established, offered and sold by the Company or its Affiliates and would not be investing in any JPMorgan Fund, and accordingly there is no contractual relationship between the Investor and JPMAMSL, any of its Affiliates or a JPMorgan Fund. Investors will bear the recurring expenses of the Scheme in addition to the expenses of the underlying schemes in which investments are made by the Scheme. Bandhan US Treasury Bond 0 to 1 year Fund of Fund is not a dedicated Feeder fund and investment in underlying fund will be undertaken subject to fulfilment of documentation and regulatory requirements applicable for investing in the underlying fund. The FoF performance is subject to the movements of the underlying fund. IDFC AMC (proposed to be changed to Bandhan AMC Limited, awaiting registration) does not have an active role in managing the underlying fund. The Bandhan US Treasury Bond 0 to 1 year Fund of Fund can invest only in similar mutual fund/s or exchange traded fund/s with similar investment strategy, similar investment objective, similar asset allocation, similar benchmark.

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

The Disclosures of opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment advice. This document should not be construed as a research report or a recommendation to buy or sell any security. This document has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of Bandhan Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be taken into account before interpreting this document. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the security may or may not continue to form part of the scheme's portfolio in future. Investors are advised to consult their own investment advisor before making any investment decision in light of their risk appetite, investment goals and horizon. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)/ IDFC AMC Trustee Company Limited (proposed to be changed to Bandhan Mutual Fund Trustee Limited, awaiting registration) / IDFC Asset Management Co. Ltd (proposed to be changed to Bandhan AMC Limited, awaiting registration), its Directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.



# Thank You

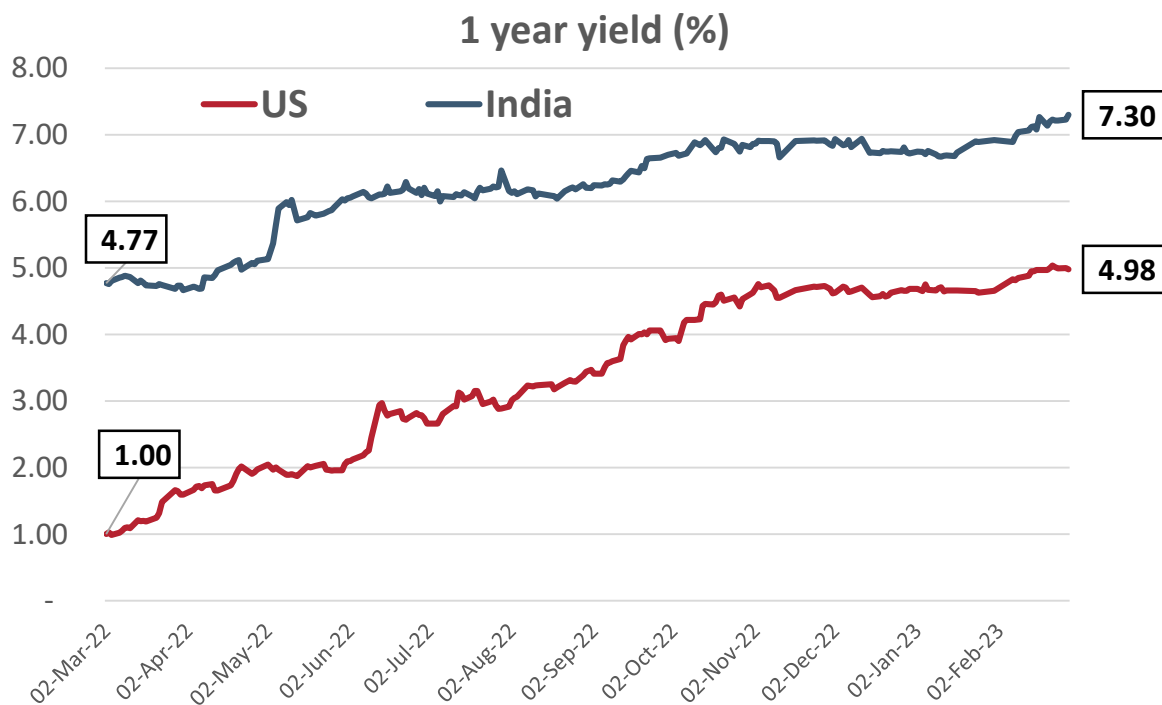
## 0 to 1 year maturity US Treasuries

### Lower differential between India and US yield

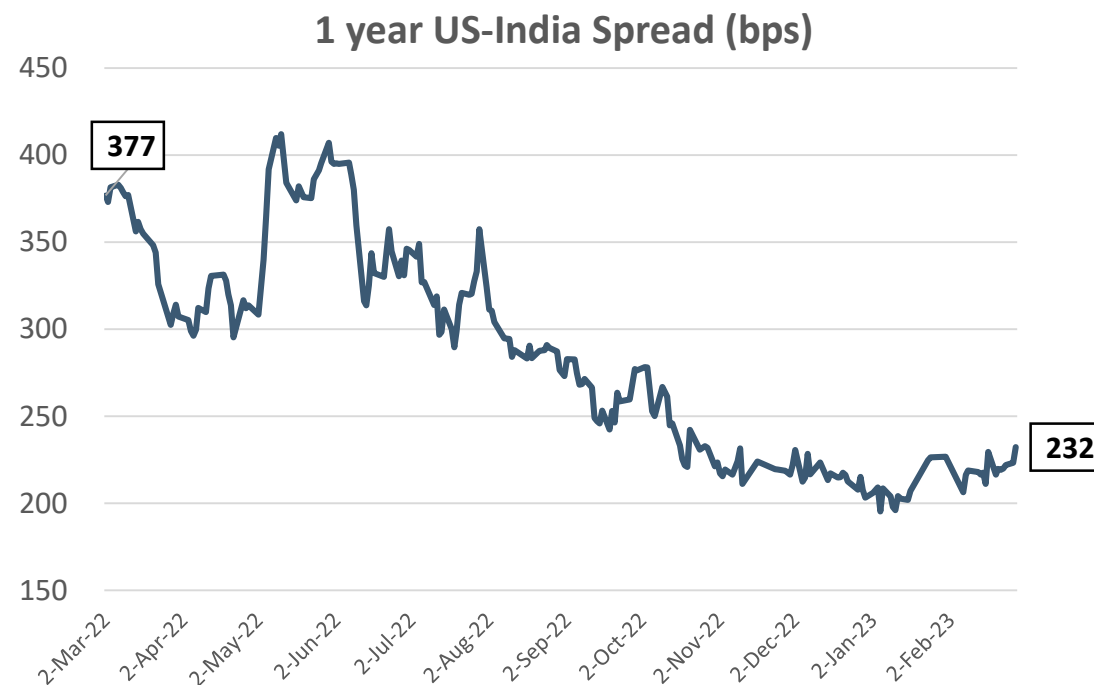
★★★

★★★

1-year US treasury yield has moved up from 1.00% to 4.98% in the last 1 year.



Consequently, spread between US and India has compressed from 377bps to 232bps making the US exposure relatively more attractive.



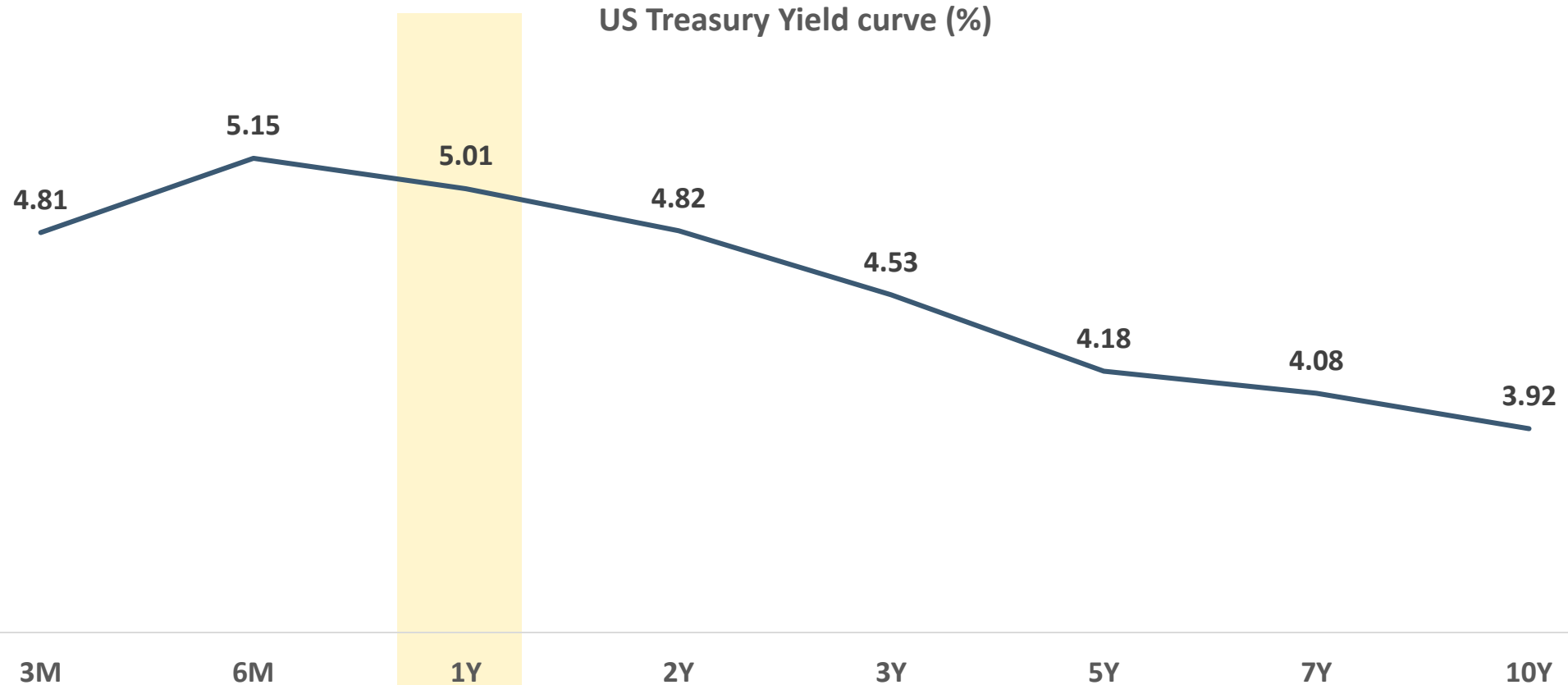
Source: Investing.com and Bandhan internal analysis. Data as on 28th February 2023. Past performance is not an indicator of future performance

## 0 to 1 year maturity US Treasuries Inverted yield curve makes this segment a relatively attractive opportunity

\*\*\*

\*\*\*

The US yield curve is relatively attractive in the 0 to 1-year maturity bucket.



Source: Bloomberg, Data as on 28th February 2023. Past performance is not an indicator of future performance.