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DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund

(An open ended target maturity index fund investing in the constituents of Nifty SDL Plus G-Sec Jun 2028 30:70 Index. A relatively high interest rate risk and relatively low credit risk.)

| People | Processes | Performance |

For riskometer & PRC, refer slide 11 & 12 of the presentation

Reason to consider DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund

Unique product design	• *Differentiated product which invests in* *1)* ***HIGHLY LIQUID*** *G-Secs* *2)* SDLs from states with ***GOOD FINANCIAL POSITION + HIGH LIQUIDITY***
Low credit risk	• *Investment in Sovereign securities only (Central & State Government)*
Relatively higher YTM	• *Taking advantage of steep yield curve by buying higher tenure securities at higher YTM*
Stability & Predictability	• *A bond like structure with fixed maturity positioned to capture predictable and stable returns at maturity*
Tax Efficiency	• *LTCG taxation at lower rate (20% #)* • *7 years Indexation benefit**
High Liquidity	• *Open-ended structure allows constant buying & selling of fund unlike Fixed Maturity Plans (FMPs)*

**if invested before 31 Mar 2022; # Excluding Cess & Surcharge. : There is no assurance of any returns/capital protection/capital guarantee to the investors in the Scheme. SDLs is State Development Loans*

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Index Construct - Nifty SDL Plus G-Sec Jun 2028 30:70 Index

GOVERNMENT SECURITIES
(70% WEIGHT)

Maturity within the twelve month period ending June 30, 2028

STATE DEVELOPMENT LOANS (SDLS)
(30% WEIGHT)

Nifty SDL Plus G-Sec Jun 2028 30:70 Index

Index matures on June 30, 2028*

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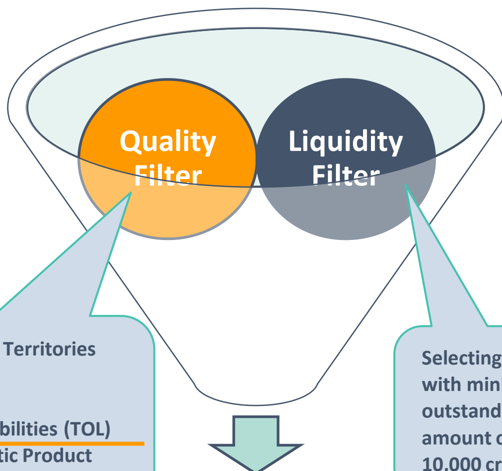
* If such a Maturity Date is a non-Business Day, the subsequent Business Day shall be considered as the Maturity Date for the Scheme."

Security Selection & Weighting - Nifty SDL Plus G-Sec Jun 2028 30:70 Index

STATE DEVELOPMENT LOAN (30%)

UNIVERSE
All states/UTs SDLs maturing within 12 month period ending June 30, 2028



Selecting States/Union Territories with low

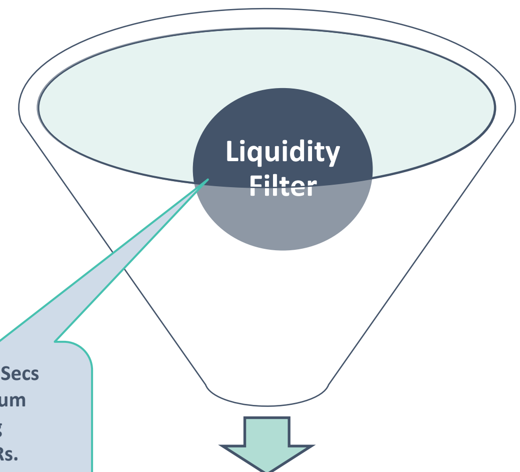
Total Outstanding Liabilities (TOL) / Gross State Domestic Product (GSDP) ratio

Selecting states with minimum outstanding amount of Rs. 10,000 crores

WEIGHTING
Top 10 states/UTs selected with 3% weight to each states

GOVERNMENT SECURITIES (70%)

UNIVERSE
G-Secs maturing within 12 month period ending June 30, 2028



Selecting G-Secs with minimum outstanding amount of Rs. 25,000 crores

WEIGHTING
Equal weight to qualifying G-Secs securities (Currently 4 G-Sec qualifies with 17.5% weight to each)

Note - Any coupon amount received is assumed to be reinvested in the portfolio on the same date, in the proportion of the existing weights. he above investment framework is likely to be followed by the scheme, however the same may change in future depending on market conditions and other factors
Weights are indicative and may change in future

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Differentiated product design - Liquidity & Quality Filter

Liquidity Filter

- Open-ended fund structure can result in periodic inflows & outflows. Thus, it becomes necessary that underlying securities are available in sufficient quantity for buying & selling.
- Minimum outstanding criteria aids to ensure liquidity of the underlying securities.
- This can also aid in **minimising tracking error.**
- The proportion of G-secs in the fund also improves the overall liquidity

Quality Filter (for SDLs)

- **Why quality filter if SDLs are also Sovereign securities?**
  - SDLs are debt issued by state governments to fund their fiscal deficit.
  - While constitution allows GOI to conditionally give loans to a state government but is not appropriate to state that SDL are GOI backed.
  - Even though RBI maintains a Consolidated Sinking Fund (CSF) to cover repayments, it does not guarantee SDLs and states cannot print money to pay debtors. Corpus of CSF is Rs. 1.4 lac cr against total SDL outstanding of Rs. 42.5 lac cr as on Dec 2021.
- **Do all states carry same risk?**
  - **The fiscal position** of various states is vastly different and hence their inherent debt servicing capability may vary.
  - **SDL spread** (SDL yield - G-Sec yield) can vary from state to state depending on
    - Increased net borrowing
    - Worsening debt/fiscal
    - Inability to tax
    - Liquidity in bonds
- **How to ensure high fiscal quality states?**
  - **(Total outstanding Liability + Guarantees) / Gross State Domestic Product (GSDP)** is a ratio which provides insight on leverage taken by states for funding their fiscal deficit including any contingent liability
  - Higher ratio represent that the state may be more prone to any unsystematic risk arising out of any tail events

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Index Rebalancing

Index Review

- **Quarterly** - Index will be screened by NSE for compliance with the Norms for Debt Exchange Traded Funds (ETFs)/Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DF3/CIR/P/2019/147 on November 29, 2019.
- **Annual basis –** Index will be reviewed by NSE o check if criteria's are met

SDL & G-Sec review

- Existing 10 states/UTs to be continued if they continue to meet the eligibility criteria
- If there is an eligible SDL available with a longer maturity of these states/Uts then existing SDLs will be replaced
- If new G-Secs maturing during the 12 month period ending June 30, 2028 are available then the same will be included
- During the annual review, the total weights of SDL and G-Sec components will be reset to the original 30:70 and the underlying security level weights within each component will be also reset to equal weight

Maturity of security

- The proceeds from security redemption will be reinvested in the longest maturity outstanding security issued by the same issuer (subject to 15% issuer limit for SDLs)
- In case a replacement cannot be found for reinvestment then the proceeds shall be reinvested in the remaining portfolio in proportion of the existing weights. (subject to 15% issuer limit for SDLs & min 8 issuers for SDLs)
- In case it is not possible to meet the portfolio concentration norms, then the proceeds shall be reinvested in a T-Bill maturing on or just before the index maturity date.

Portfolio details –Nifty SDL Plus G-Sec Jun 2028 30:70 Index

SDLs
(30% Weight)

Issuer States	Weight	YTM as on 04 Mar 2022
MAHARASHTRA GOVERNMENT	3.00%	6.85%
GUJARAT GOVERNMENT	3.00%	6.90%
KARNATAKA GOVERNMENT	3.00%	6.84%
TELENGANA GOVERNMENT	3.00%	6.90%
CHHATTISGARH GOVERNMENT	3.00%	6.76%
MADHYA PRADESH GOVERNMENT	3.00%	6.88%
TAMIL NADU GOVERNMENT	3.00%	6.86%
HARYANA GOVERNMENT	3.00%	6.78%
UTTAR PRADESH GOVERNMENT	3.00%	6.86%
BIHAR GOVERNMENT	3.00%	6.82%

YTM*
6.85%

+

Government Securities
(70% Weight)

Securities	Weight	YTM as on 04 Mar 2022
8.26%, AUG 2027 G-SEC	17.50%	6.44%
8.28%, SEP 2027 G-SEC	17.50%	6.44%
7.17%, JAN 2028 G-SEC	17.50%	6.64%
8.60%, JUN 2028 G-SEC	17.50%	6.55%

YTM*
6.52%

Portfolio

YTM*
6.62%

Modified Duration
4.6 years

Maturity date
30 Jun 2028

*The indicative yield provided is that Nifty SDL Plus G-Sec Jun 2028 30:70 Index and not that of the Scheme. The Scheme is neither a Capital Protected nor a guaranteed Return Product and may or may not generate returns in lines with Index. Indicative Yield of the Index is as on 04 Mar 2022. The investment approach / framework/ strategy / portfolio / other data mentioned herein are dated and currently followed by the scheme and the same may change in future depending on market conditions and other factors. Portfolio construction is subject to waterfall mechanism as mentioned in Scheme Information Document.

A comparison - Fixed Income instruments

Features	DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund	Fixed Maturity Plans (FMPs)	Active debt mutual funds	Fixed Deposits	Individual bonds
Visibility of Returns	✔	✔		✔	✔
Tax Efficiency (LTCG with Indexation)	✔	✔	✔		✔
Liquidity	✔		✔		
Defined Maturity	✔	✔		✔	✔
Diversification (Less Concentration risk)	✔	✔	✔		
Cost of early withdrawal (Exit load)	NIL	Not Eligible	Depends on fund to fund	Premature withdrawal charges	Not Eligible
Expense ratio	Applicable	Applicable	Applicable	NIL	NIL
Tracking error	Applicable	NA	NA	NIL	NIL
Mark to Market (MTM) impact	Applicable	Applicable	Applicable	NIL	NIL

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Tax Efficiency of Mutual Fund structure

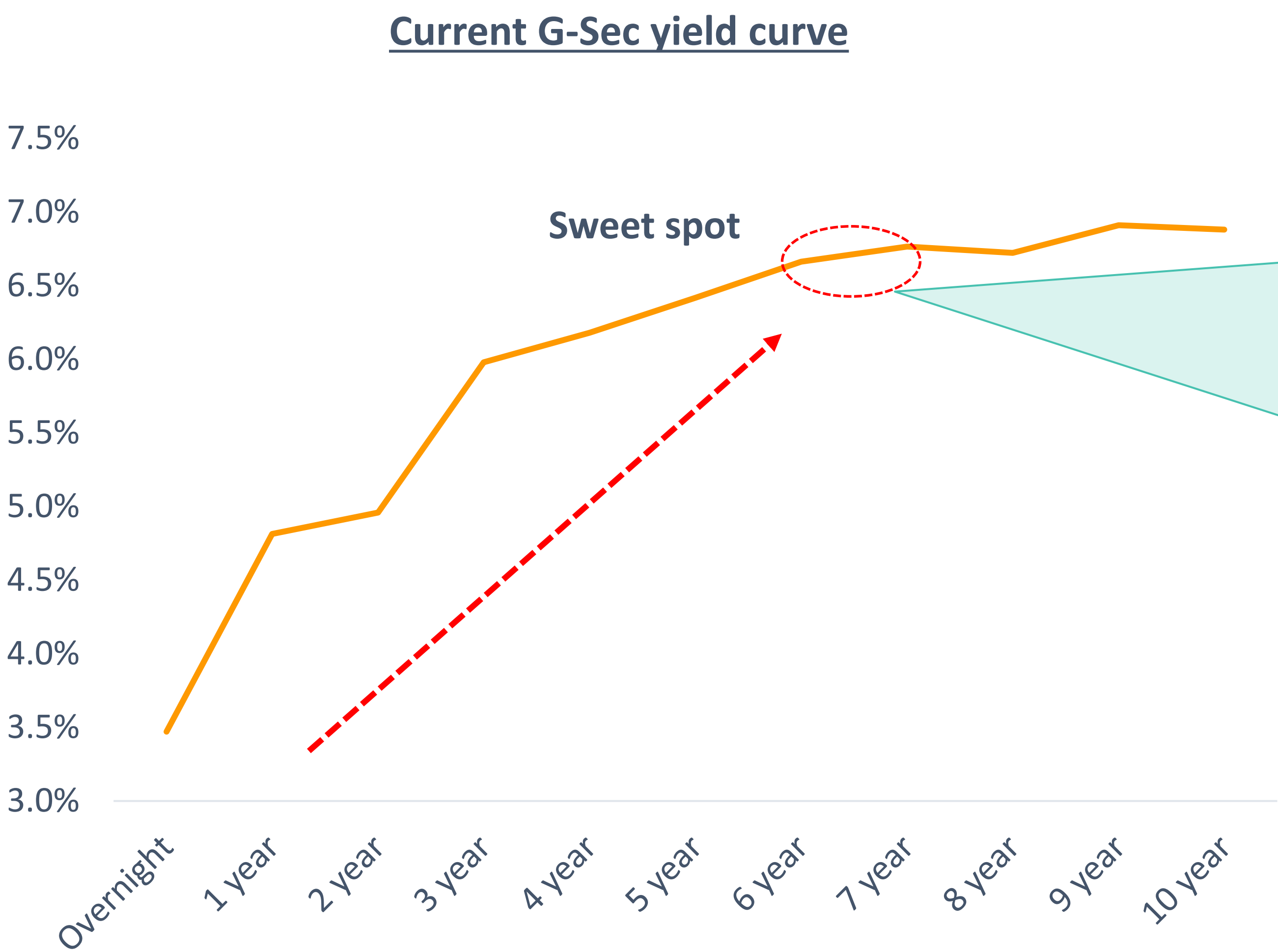
	Debt Mutual Fund	Fixed Deposit
Taxation	20.8% (with Indexation benefit)*	31.2%*
Period of tax payment	At the time of maturity	Every year
Investment Amount	1,00,000	1,00,000
Assumed rate of returns	6.5%	5.5% @
Date of Maturity	30-Jun-28	30-Jun-28
Value on Maturity	1,49,069	1,26,549 $
No. of. Indexation years	7 years	-
Indexed cost of Acquisition	1,40,710 ^	-
Taxable Amount	8,359	-
Applicable Tax	1,739	-
Post tax Value	1,47,330	1,26,549 $
Net Post tax returns	**6.3%**	**3.8% $**

*Tax rate assumed for investor in highest tax slab with no surcharge applicable but including cess. Fund related expenses are ignore for this illustration
@ SBI Fixed deposit rate considered for FDs > 5 year as on 15 Feb 2022
$ Value is net of tax. Since tax is paid every year, it is assumed no tax payable on maturity. *(Investor looses interest on tax paid every year)*
^ Assumed inflation at 5% p.a.

Above is only for illustration purposes. Please consult you TAX Advisor before making any investment

The comparison with Bank Fixed Deposit has been given for the purpose of the general information only. Investments in mutual funds should not be construed as a promise, guarantee on or a forecast of any minimum returns. Unlike traditional saving instruments there is no capital protection guarantee or assurance of any return in mutual fund investment. Traditional savings instruments are comparatively low risk products and are backed by the Government (except 5- year recurring deposits). Investment in mutual funds carries high risk as compared to the traditional saving instruments and any investment decision needs to be taken only after consulting the Tax Consultant or Financial Advisor. "These figures / data mentioned hereinabove is only for explanation purpose and should not in any way directly or indirectly be construed as returns/performance of the Scheme.

Why consider 6 year+ maturity index fund?



Data as on 04 Mar 2022; Source – Bloomberg

- Yield curve is **STEEP** currently implying that Short term rates are very low & Long term rates are very high
- Steepness of yield curve is till 6-7 years after which it flattens

6-7 year maturity provides opportunity for an investor to park money at higher YTM

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Scheme Features – DSP Nifty SDL Plus G-Sec 2028 Index Fund

Name of scheme	DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund
Type of scheme	An open ended target maturity index fund investing in the constituents of Nifty SDL Plus G-Sec Jun 2028 30:70 Index. A relatively high interest rate risk and relatively low credit risk.
Plans	- Regular - Direct
Options	- Growth option - Income Distribution cum capital withdrawal (IDCW) – Payout & Reinvestment option
Minimum Application Amount	Rs. 500/- and in multiples of Re. 1
Minimum Additional application amount	Rs. 500/- and in multiples of Re. 1
Exit Load	Nil
Fund Manager	Mr. Laukik Bagwe & Mr. Vikram Chopra
Benchmark	Nifty SDL Plus G-Sec Jun 2028 30:70 Index
SIP/STP	Available
Taxation	Debt scheme taxation

Disclaimer

SDLs are loans raised by State Governments from the market to fund its fiscal deficit. RBI though acts as the facilitator to the issue of SDLs and has the power to make repayments to SDLs out of the central government allocation to states, it does not give any guarantee for the same. The fiscal performance and credit quality of States can have an impact on SDL performance in the longer term. The liquidity of SDLs can vary for different states. For details pertaining to investment strategy and investment process of scheme in SDL kindly refer the Scheme information document available on the website www.dspim.com.

In this material DSP Investment Managers Private Limited (the AMC) has used information that is publicly available, including information developed in-house. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. The portfolio of the schemes is subject to changes within the provisions of the Scheme Information document. Portfolio construction is subject to waterfall mechanism as mentioned in Scheme Information Document. **There is no assurance of any returns/potential/capital protection/capital guarantee to the investors in scheme. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments.** All figures and other data given in this document are as on specified date and the same may or may not be relevant in future and the same should not be considered as solicitation/ recommendation/guarantee of future investments by the AMC or its affiliates. Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of scheme. For complete details on investment objective, investment strategy, asset allocation, scheme specific risk factors please refer the scheme information document and key information memorandum of the schemes, which are available at AMC and registrar offices and investor service centres/AMC website- www.dspim.com

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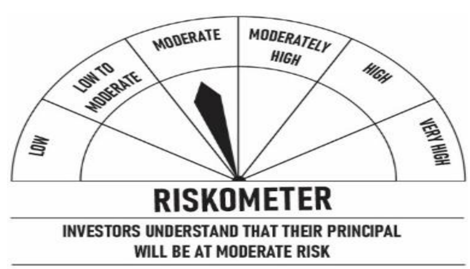
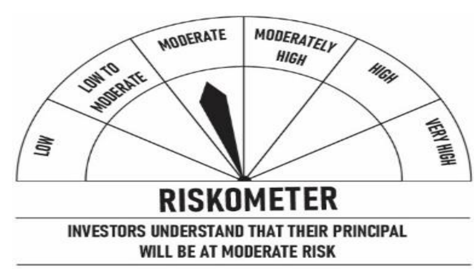
An investor, by subscribing or purchasing an interest in the Product(s), will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.)

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

Potential Risk Class Matrix & Product Labelling

The potential risk class matrix of the scheme based on interest rate risk and credit risk is as follows:

Potential Risk Class			
Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)	-	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	A-III	-	-

Scheme	Product Suitability	Riskometer	
		DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund	Benchmark Nifty SDL Plus G-Sec Jun 2028 30:70 Index
DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund *(An open ended target maturity index fund investing in the constituents of Nifty SDL Plus G-Sec Jun 2028 30:70 Index. A relatively high interest rate risk and relatively low credit risk)*	This scheme is suitable for investor who are seeking* • Income over long term • An open-ended target maturity index fund that seeks to track the performance of Nifty SDL Plus G-Sec Jun 2028 30:70 Index, subject to tracking error.		

**Investors should consult their financial advisors if in doubt about whether the Scheme is suitable for them.*

The product labelling assigned during the nfo is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made

DSP MUTUAL FUND

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