

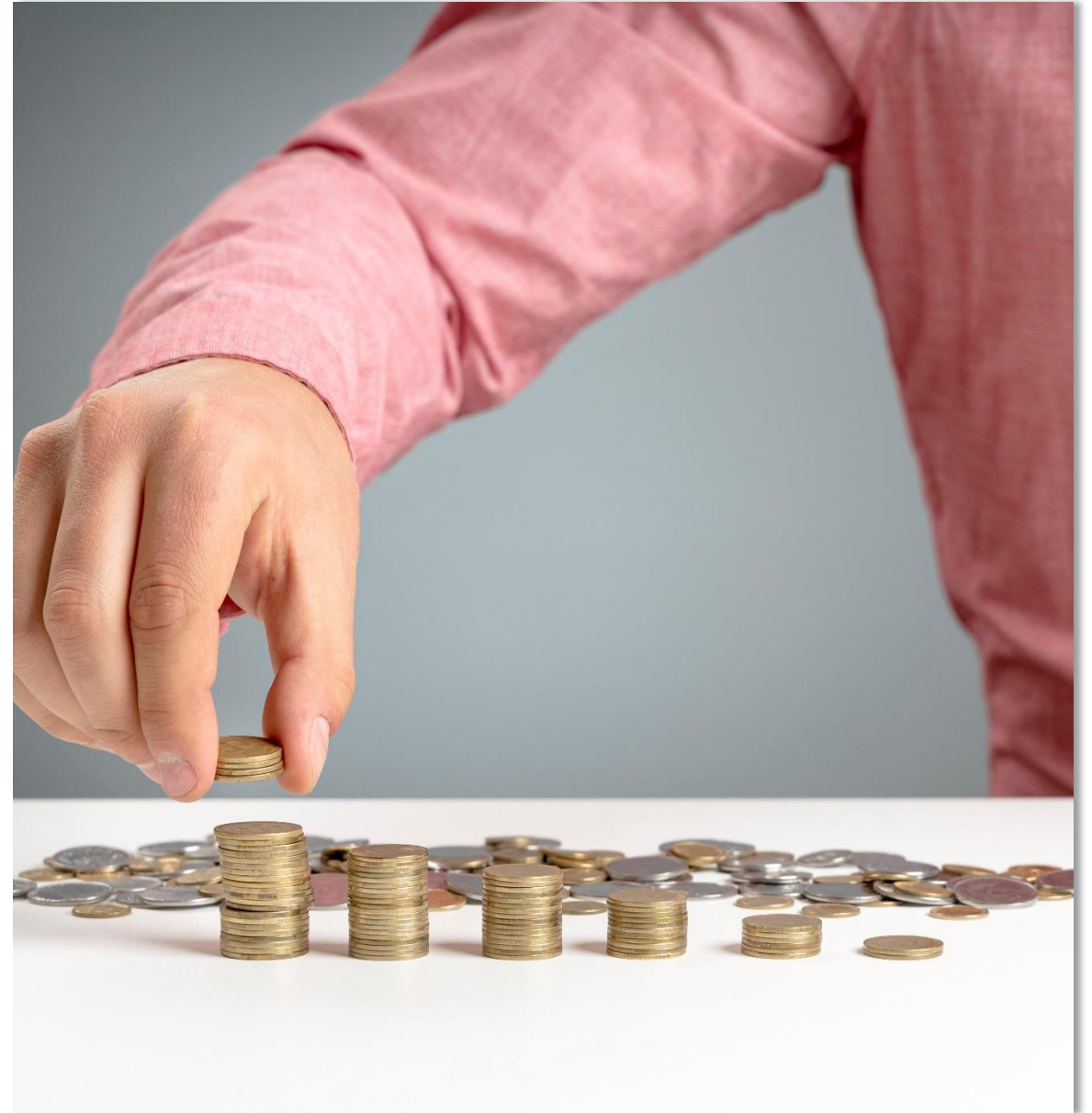
Bank of India Money Market Fund

(An open ended debt scheme investing in money market instruments. A Relatively Low interest rate risk and Moderate Credit Risk)

NFO Opens: 28th January 2025 | NFO Closes: 03rd February 2025 |
Allotment Date: 04th February 2025

Understanding Money Market Funds

- Money Market funds are a type of open-ended debt funds that invest in high-quality money market instruments issued by government, corporation and financial institutions
- They aim to provide investors with an investment option which is highly liquid in nature along with returns on investments.



Money Market Fund: Features

Where does the fund invest?

High quality debt and money market instruments with high liquidity (tenure of Underlying securities up to 1 year)

What is the Objective of the fund?

The investment objective is to generate returns with reasonable liquidity to the unitholders by investing in money market instruments.

What is the purpose of the fund for an Investor?

To provide a liquid investment option along with return generating potential.

What should be the Investment Horizon?

Suitable for investors having an investment horizon up to 1 year

WHY NOW?



Current Economic Landscape

- India is one of the fast-emerging economies with **low inflation rates***, creating a favorable environment for money market funds
- The healthy landscape entails **investment opportunities**, as investors seek stability and yield amidst economic fluctuations



Inflation forecast well within RBI's Tolerance Zone

- RBI's inflation tolerance band is $4\% \pm 2\%$
- CPI inflation (Projected)
 - 2024-25: 4.8%
 - Q1 2025-26: 4.6%
 - Q2 2025:26: 4.0%
- Going forward inflation is well within the comfort zone for RBI

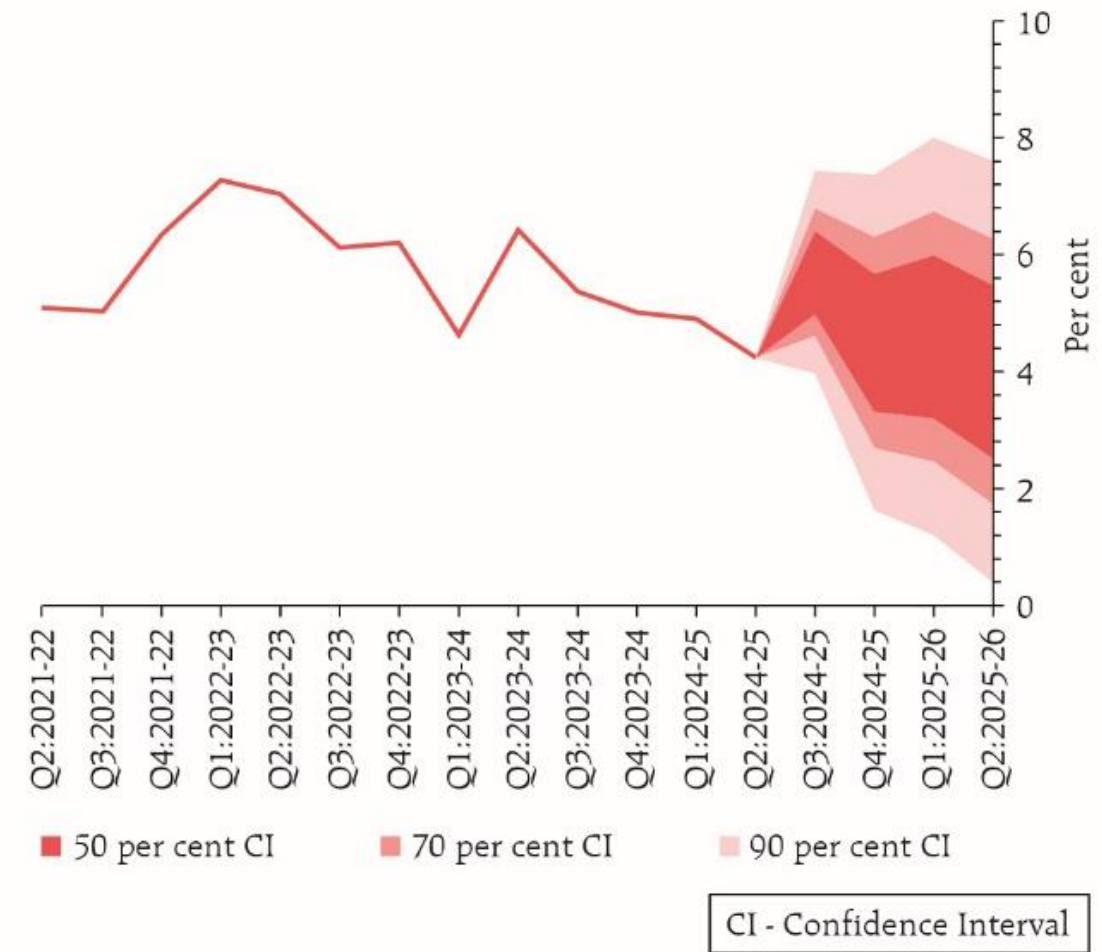
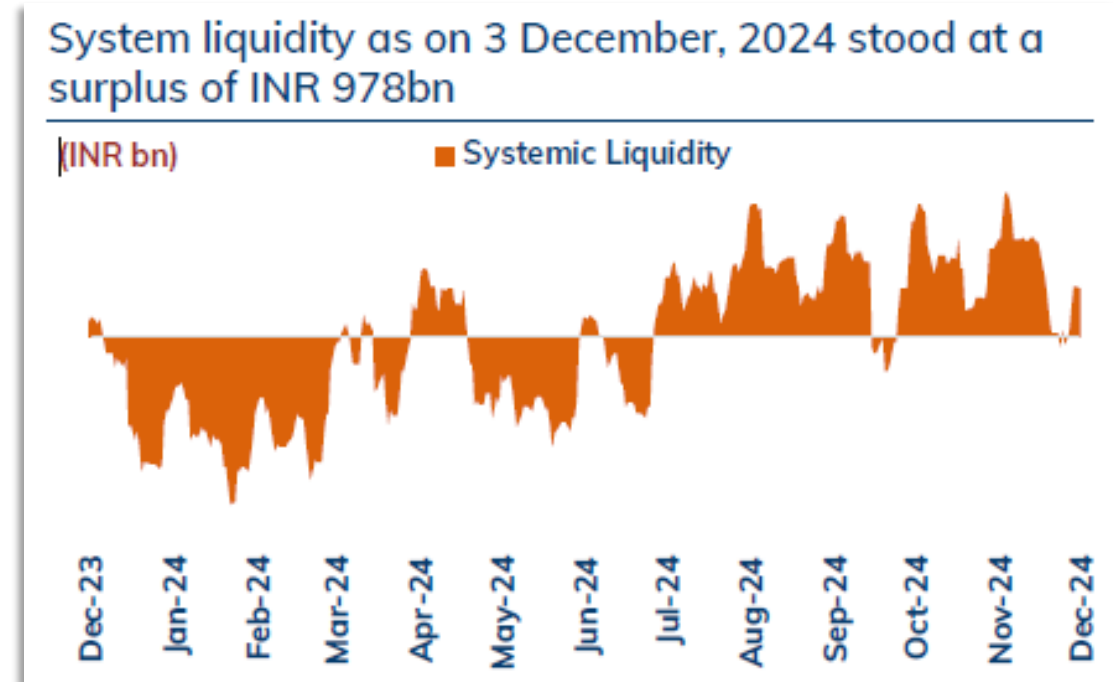
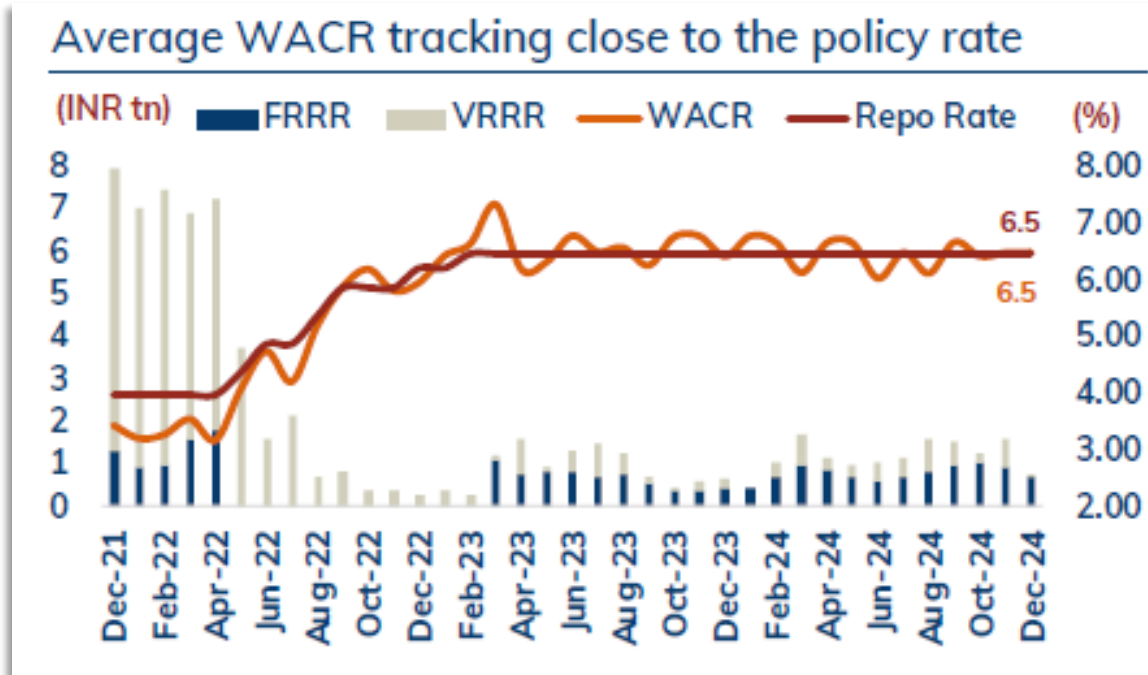


Fig 1: Quarterly Projection of CPI Inflation (y-o-y)

Liquidity in the System: Comfortable with RBI intervention

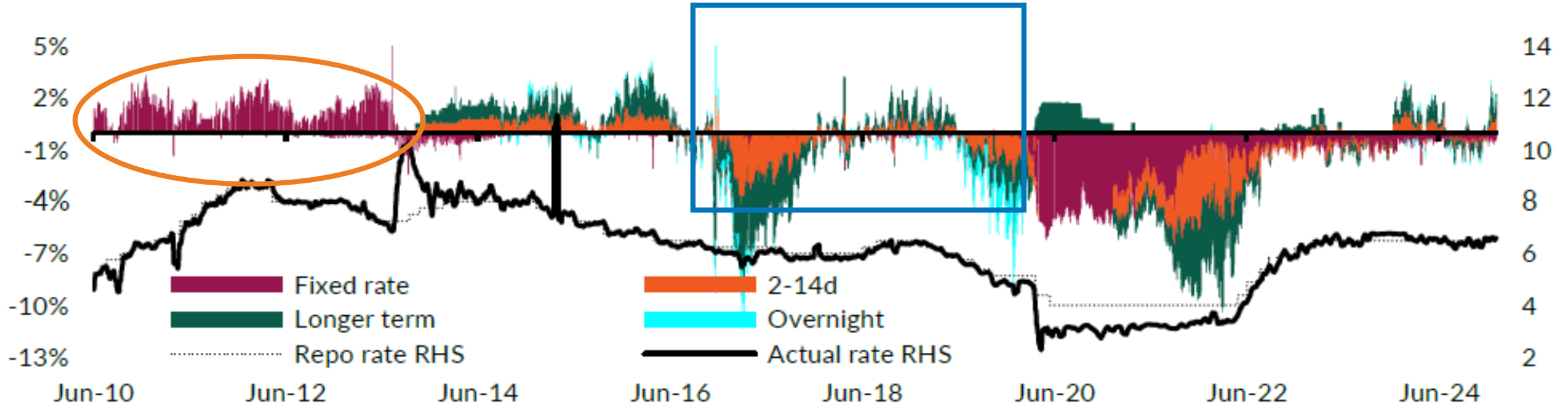
- RBI has been nimble and proactive in its liquidity management



RBI has been active in its money market operations ensuring that the overnight rate stays close to the repo rate

RBI reduced the CRR by 50 bps in two tranches in Dec 2024 which infused INR 1.16 Lakh Cr into the banking system

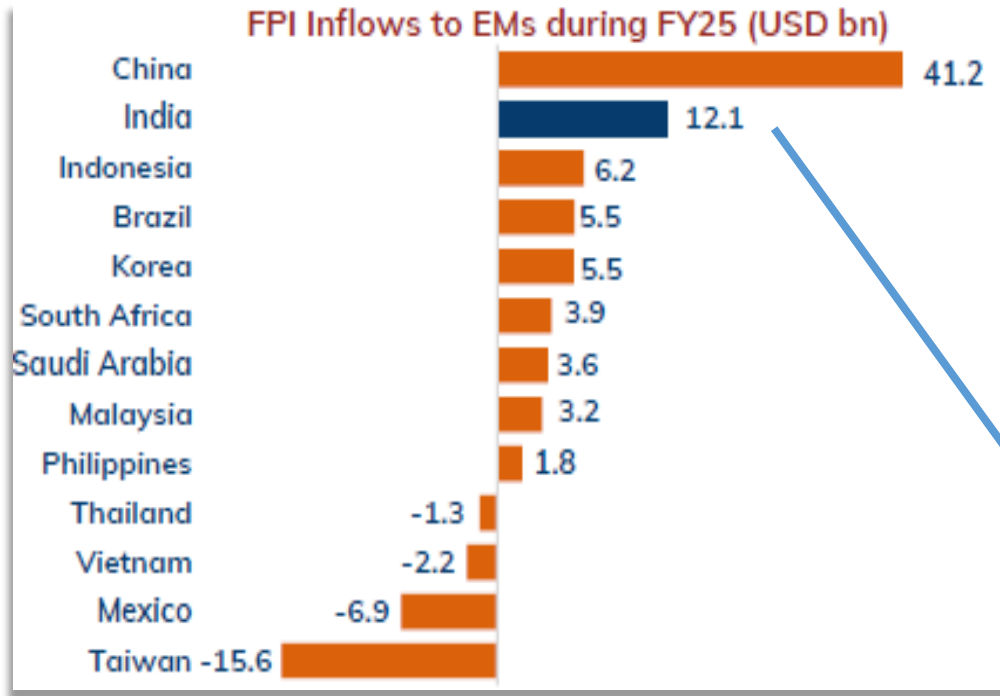
Liquidity To Remain Comfortable..



- Liquidity conditions on being tight RBI has been pro-active on introducing daily overnight VRRR.
- Overnight VRR/VRRR auctions were a staple of RBI liquidity management in 2017 and 2019
- Liquidity management tools helped keep overnight rates around the repo rate
- Also, actions such as this by the central banker, ease concerns on overnight rate

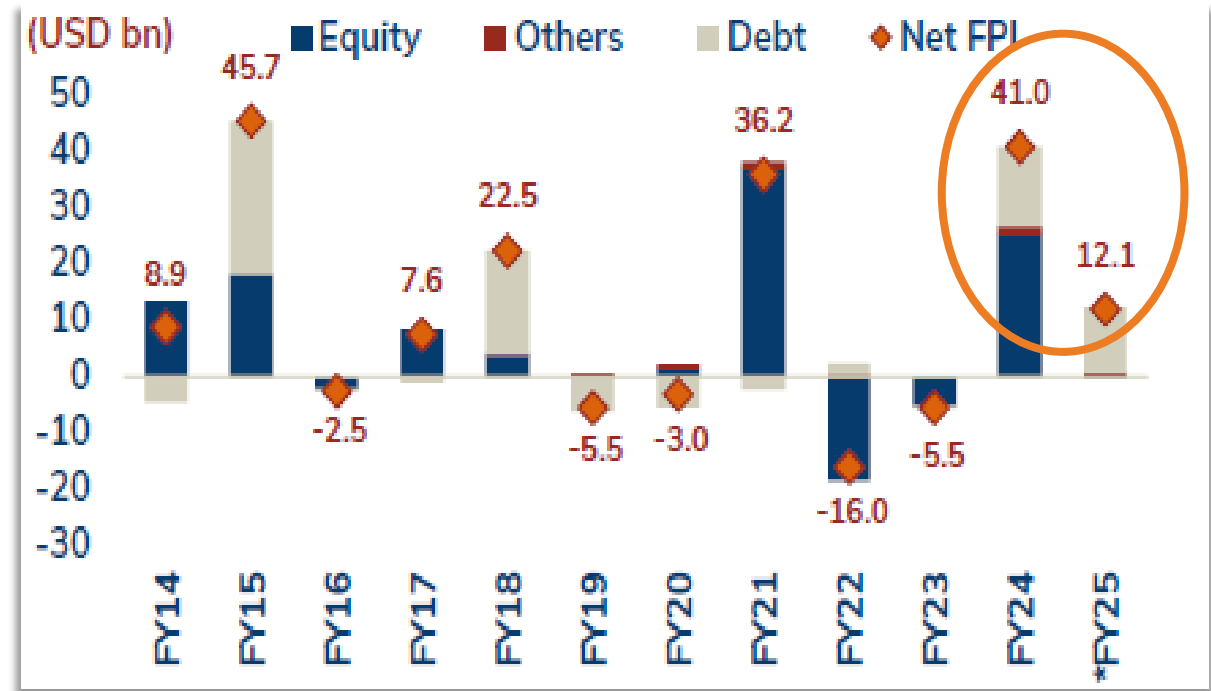
Despite Trump Trade, India stands strong in FPI inflows especially Debt:

Fig i: Global FPI Flow Trend



FPI inflows sharply higher in China, followed by India in FY25 So far

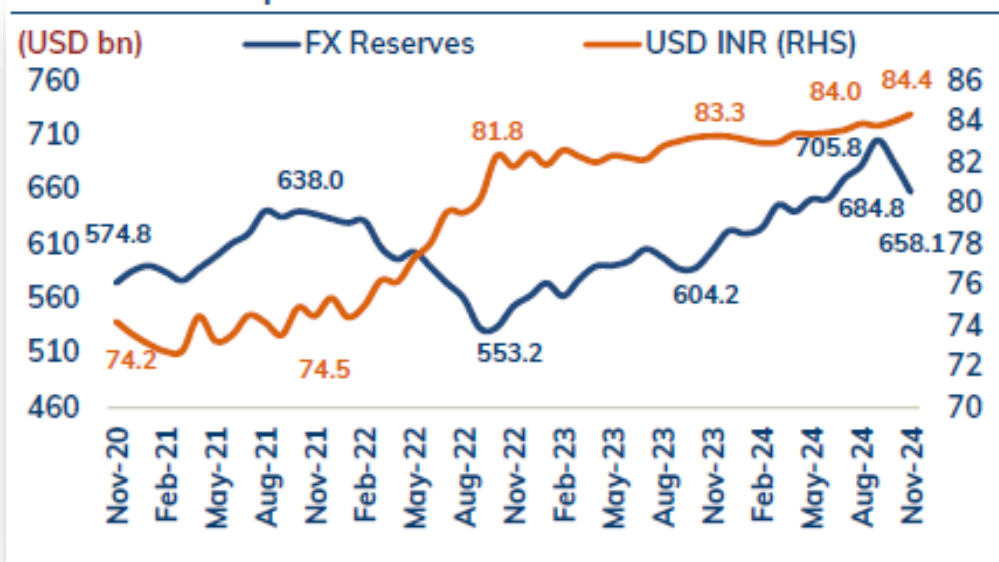
Fig ii: India FPI Flow



India's Net FPI inflows stood at USD 12.1 USD bn for FY25 so far (Debt: 11.6bn)

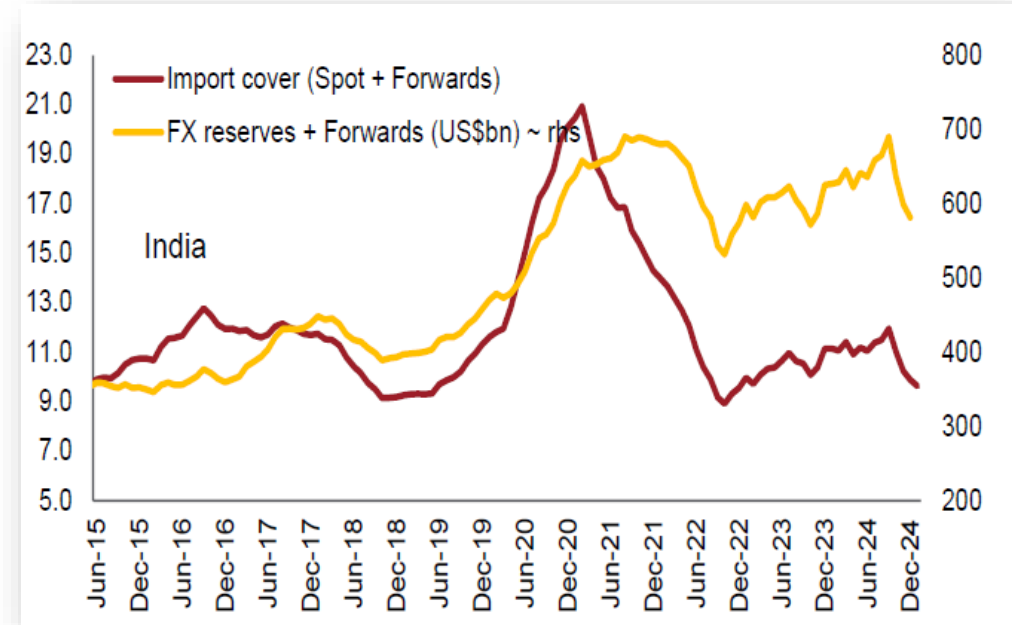
RBI's Forex War chest ~ 11 month import cover

Fig i: India Forex Reserve v/s USD INR Trend



- RBI's Forex Reserve has dipped from an all time high of 705 bn USD to 658 bn USD
- In 2013 the fx reserve was 292 USD Bn

Fig ii: India Import Cover*



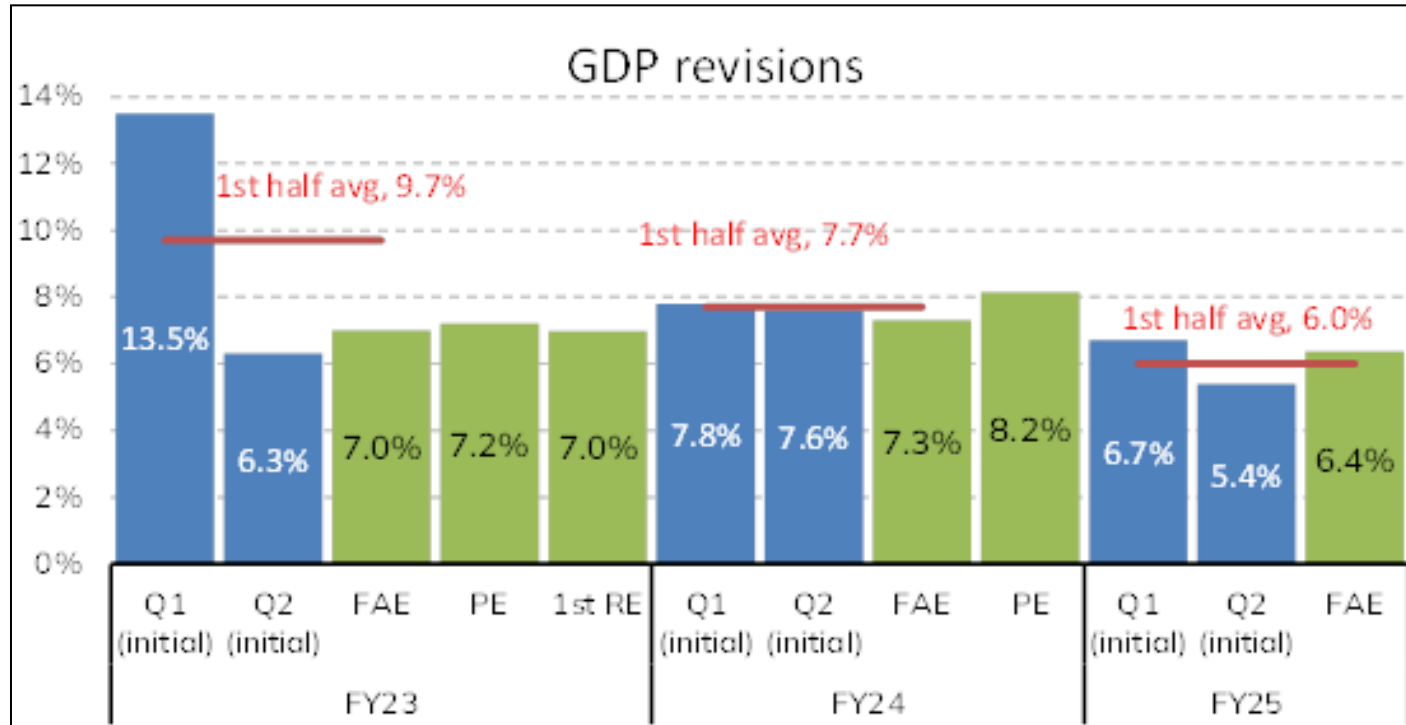
Current Forex Reserves implies a comfortable import cover of ~11 months of India's imports

Source: RBI, CEIC, ICICI Bank, Bloomberg Research

* Import cover is a metric that measures how many months of a country's imports can be paid for using its foreign exchange reserves.

Note: A forex war chest is a collection of foreign exchange reserves that a country builds up to help it deal with unexpected events

Rate Cut: Odds have increased post strong downward revision of advance estimates of FY25 GDP



- Headline GDP growth for FY25 pegged at 6.4% y-o-y, below RBI's MPC projection of 6.6%
- GVA printed at 7- Quarter low - Q2FY25: 5.60%

Source: NSO, I-Sec PD research

MPC: Monetary Policy Committee, GVA: Gross Value Added

Attractive spread:



- Spread of Jan- Mar'26 CDs vs Repo is at higher point and provides a potentially better entry point to an investor
- With liquidity expected to tighten with March end quarter phenomena and higher issuance of CDs, 1 Year CD rates are an attractive investment opportunity

Why Bank of India Money Market Fund?

Portfolio Positioning:



Fund will invest in CDs (Certificate of Deposits), CPs (Commercial Bills), Treasury Bills and Government Securities having a maturity up to 1 year.



Portfolio will maintain a higher credit Quality with a focus on higher accruals



Aim to capture opportunities in Money Market instruments with better liquidity



Suitable for investors having an investment horizon up to 1 year

Who can invest in Bank of India Money Market Fund?

Investors seeking low risks and low volatility along with better liquidity can invest in Bank of India Money Market Fund

Potential Risk Class (PRC) Matrix

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



Corporate Treasuries: Companies seeking to manage surplus funds efficiently.



Short-term Investors: Individuals looking for a safe place to park their funds for a short duration



Retirees: Investors who prefer low-risk and liquid investments



High Net-worth Individuals (HNIs): Those looking to diversify their investment portfolio with low-risk instruments



Conservative Investors: those seeking low-risk investment options with potential returns

Why is Bank of India Money Market Fund relevant in the current scenario?

- Fund would take exposure predominantly in instruments having a maturity of 1 year
- Repo Rate currently at 6.50 % is at a cusp of coming down hence there could be further appreciation in 1 year maturity papers
- Banks CD issuance peaks in March*
- Liquidity may remain neutral to negative to further augment rates at attractive entry points for investors
- 12 Month CD in the range of 7.55% to 7.65%#



*Source: RBI

#Source: CCIL/Ftrack

How the Roll Down Investment strategy would benefit the investors?

An Illustration : Roll Down Investment strategy for Jan, Feb, March 2026 maturity CDS

	YTM in %				
	Jan	Feb	Mar	Apr	May
Current 12-month CD levels	7.6	7.6	7.6	7.6	7.6
Change in levels(BPS)(post 6m)	-0.35	-0.25	0	0.25	0.35
MD after 6 months	0.45	0.45	0.45	0.45	0.45
Net Impact of Appreciation/Depreciation	7.92%	7.83%	7.60%	7.38%	7.29%



Investors investing in Bank of India Money Market Fund are given a two-pronged rates advantage



Outperformance in the scenario of rate cuts



Higher accrual in the scenario of no rate cuts and cushioning for a marginal increase in rates due to the low duration

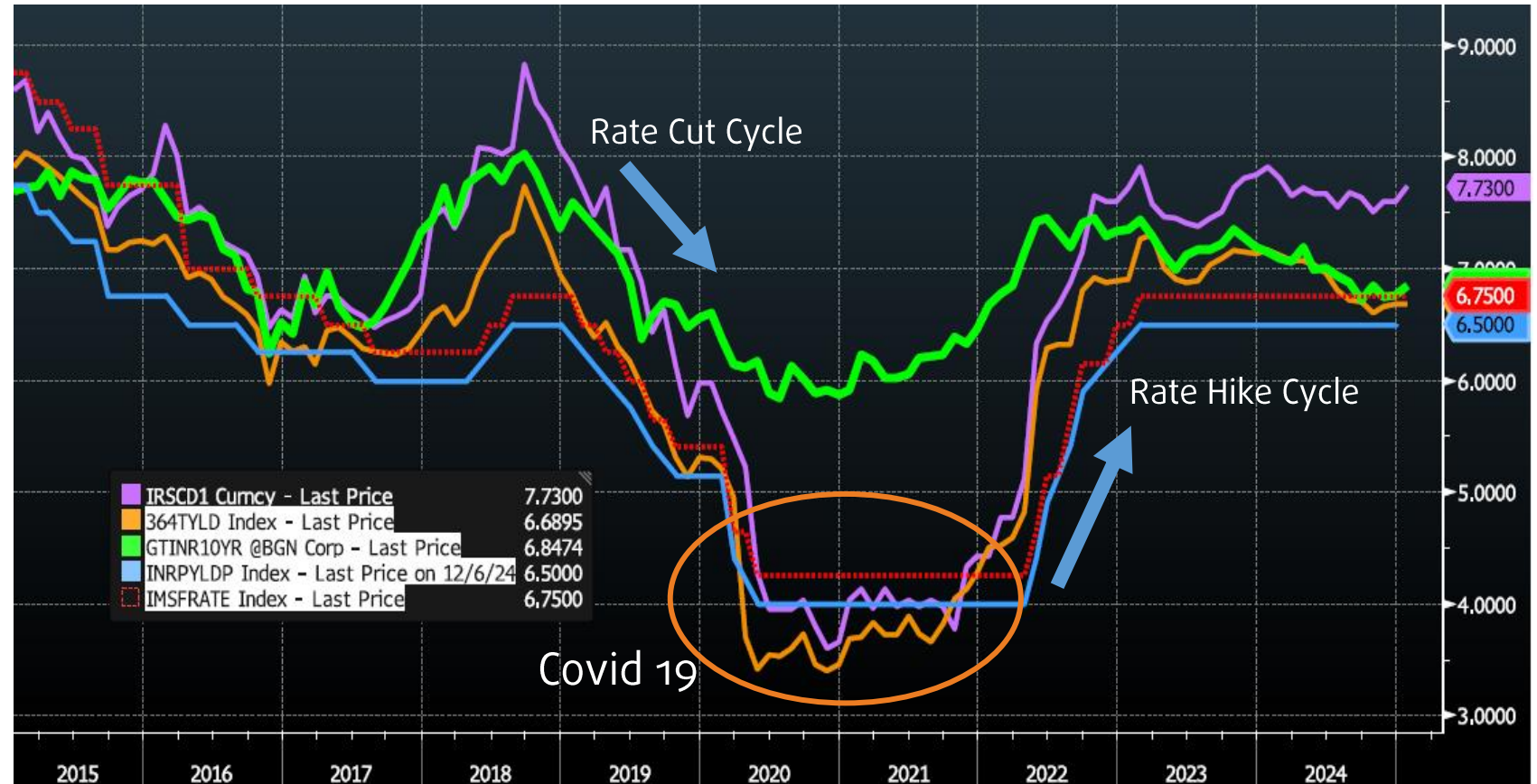


Suggested investment horizon up to 1 year

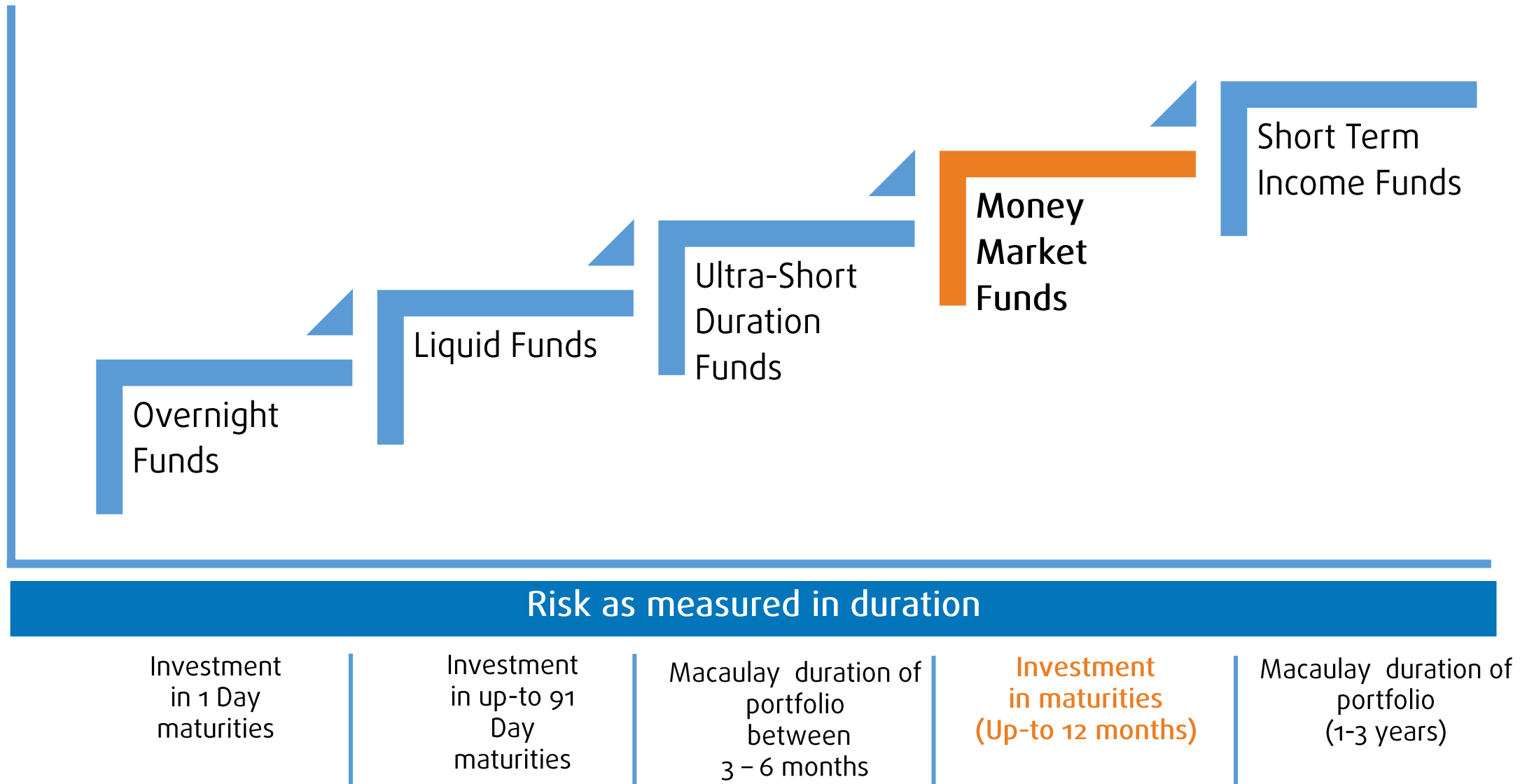
Please note the above illustration is for explanation purpose and should not be considered as a recommendation

Odds in favor of a Repo Rate cut:

- Money market levels may peak in the next two months
- Rate cuts may further augment the roll down strategy
- In the case of the status quo, the investor could have a higher accrual due to the added advantage of investing at the peak of 1-year maturity assets.



Fund Positioning:

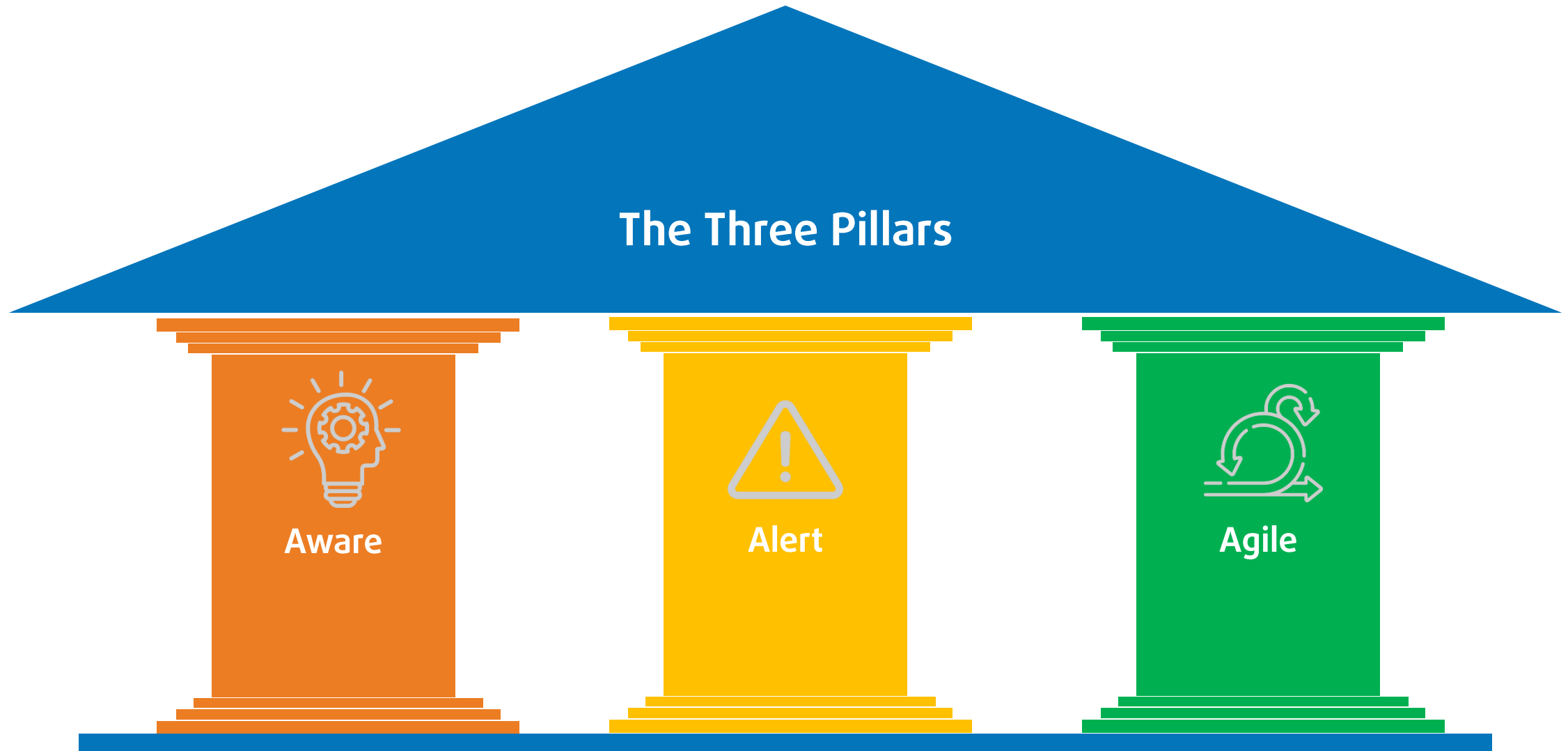


Our Investment Philosophy

GUIDED BY RESEARCH, DRIVEN BY RESULTS

Captures a balanced approach by leveraging thorough research to make informed, strategic moves while focusing on achieving results.

Our Strategic 3A Investment Approach for Fixed Income Funds



Investment Process: Fixed Income Funds

Macro-Economic Analysis

- Comprehensive Economic Review
- Policy Analysis
- Global Interest Rate Assessment



Technical and Market Analysis

- Market Trend Analysis
- Trader Insights
- Economic Data Impact



Qualitative and Quantitative Research

- Qualitative Research Insights
- Quantitative Research Analysis



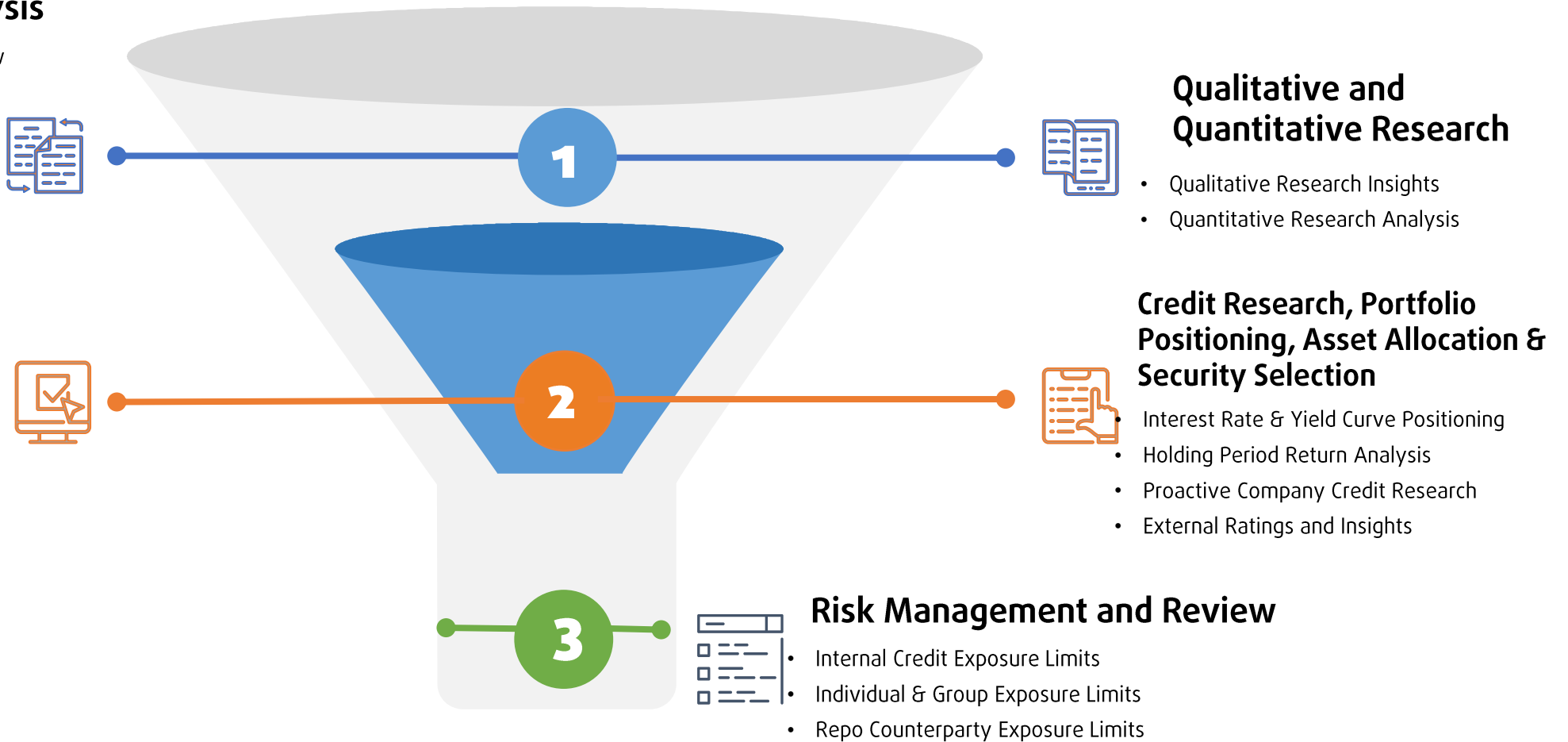
Credit Research, Portfolio Positioning, Asset Allocation & Security Selection

- Interest Rate & Yield Curve Positioning
- Holding Period Return Analysis
- Proactive Company Credit Research
- External Ratings and Insights



Risk Management and Review

- Internal Credit Exposure Limits
- Individual & Group Exposure Limits
- Repo Counterparty Exposure Limits




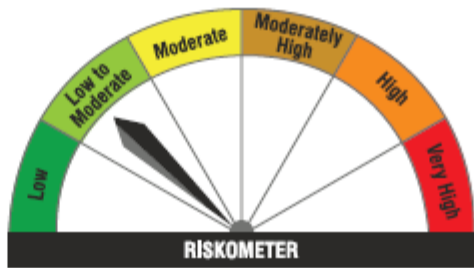
Bank of India Money Market Fund

Investment Objective:

The investment objective is to generate returns with reasonable liquidity to the unitholders by investing in money market instruments. There is no assurance that the investment objective of the Scheme will be achieved.

Type	An open ended debt scheme investing in money market instruments. A Relatively Low interest rate risk and Moderate Credit Risk
Benchmark	First Tier Benchmark: CRISIL Money Market A-1 Index.
Fund Manager	Mr. Mithraem Bharucha
Plan & Options	Plans- Direct Plan and Regular Plan Options under each Plan(s): Growth Income Distribution cum Capital Withdrawal (IDCW) (Reinvestment of IDCW & payout of IDCW)
Exit Load	NIL

PRODUCT LABEL

This product is suitable for investors who are seeking*:	Scheme Riskometer	Benchmark Riskometer (as applicable)	Potential Risk Class (PRC) Matrix																				
<ul style="list-style-type: none"> Regular income over short to medium term. Investment in Money Market instruments with maturity upto one year. 	 <p>RISKOMETER Investors understand that their principal will be at low to moderate risk</p>	 <p>RISKOMETER Benchmark riskometer is at low to moderate risk As per AMFI, Tier I Benchmark is CRISIL Money Market A-1 Index.</p>	<table border="1"> <tr> <td data-bbox="1719 535 1923 606">Credit Risk →</td> <td data-bbox="1928 535 2058 606">Relatively Low (Class A)</td> <td data-bbox="2063 535 2193 606">Moderate (Class B)</td> <td data-bbox="2198 535 2328 606">Relatively High (Class C)</td> </tr> <tr> <td data-bbox="1719 609 1923 681">Interest Rate Risk ↓</td> <td data-bbox="1928 609 2058 681"></td> <td data-bbox="2063 609 2193 681"></td> <td data-bbox="2198 609 2328 681"></td> </tr> <tr> <td data-bbox="1719 684 1923 755">Relatively Low (Class I)</td> <td data-bbox="1928 684 2058 755"></td> <td data-bbox="2063 684 2193 755">B-I</td> <td data-bbox="2198 684 2328 755"></td> </tr> <tr> <td data-bbox="1719 758 1923 829">Moderate (Class II)</td> <td data-bbox="1928 758 2058 829"></td> <td data-bbox="2063 758 2193 829"></td> <td data-bbox="2198 758 2328 829"></td> </tr> <tr> <td data-bbox="1719 832 1923 903">Relatively High (Class III)</td> <td data-bbox="1928 832 2058 903"></td> <td data-bbox="2063 832 2193 903"></td> <td data-bbox="2198 832 2328 903"></td> </tr> </table>	Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)		B-I		Moderate (Class II)				Relatively High (Class III)			
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***Investor should consult their financial advisor if they are not clear about the suitability of the product.**

The above product labeling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

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