

# Parag Parikh Liquid Fund

An Open-ended Liquid scheme. A Relatively Low Interest Rate Risk and Relatively low Credit Risk

## Monthly Debt Market Insight March 2024

### Global economy

The US Federal Open Market Committee (FOMC) left its policy Fed Funds rate unchanged at a range of 5.25-5.50% for the fifth consecutive meeting. The Committee kept its forecast for the Fed Funds rate at the end of CY24 unchanged at 4.625%. The Committee has revised its forecast for real GDP growth rate upwards for CY24 to 2.1% and for CY25 to 2%. FOMC continues to operate under its dual mandate of achieving maximum employment and stabilizing inflation at a rate of 2 percent over the longer run.

The Bank of England's Monetary Policy Committee has decided to keep interest rates unchanged at 5.25%. The Monetary Policy Committee cycle of rate increases came in response to high inflation, which was 3.4% in February, down from a peak of 11.1% in October 2022. Separately, the Reserve Bank of Australia also announced its decision to hold rates (cash rate at 4.35%) unchanged.

For the first time in 17 years, the Bank of Japan has increased short-term rates. The rates have been raised to a range of 0% to 0.1%, up from the previous level of negative 0.1%. The central Bank of Japan is confident in achieving its 2% inflation target on a sustainable basis starting from January 2024.

### Domestic Economy

The government has announced gross borrowing for Hy1 FY 25. through dated securities at Rs 7.5 Lakh crore. The share in total borrowing stands at 53.1%. The government's decision to avoid too much front loading may be attributed to higher cash balances. India's current account deficit dropped down to US\$ 10.5bn (1.2% of GDP) in Q3 from US\$ 11.4bn in Q2. India's GDP expanded at the rate of 8.4% during the third quarter of Financial Year 2023-24. India's GDP growth was fuelled by strong performance of the manufacturing and construction sectors of the country.

Liquidity continued to be in deficit mode in March, 2024 on account of GST Outflows. However, Liquidity conditions have again turned surplus from March 30, 2024 necessitating Variable Reverse Repo rate auctions.

There has been a decline in the Consumer Price Index (CPI) inflation over the last three months. In Dec. 2023, it was at 5.7%, and then it decreased to 5.1% in Jan. 2024, maintaining similar levels in Feb. 2024. Food inflation is the main contributor. Core inflation has softened further to 3.3% in February '24 from 3.6% in January '24.

Net FPI inflows stood at US\$ 41.6 billion during 2023-24, as against net outflows in the preceding two years (US\$ 14.1 billion in 2021-22 and US\$ 4.8 billion in 2022-23). This is the second highest level of FPI inflow after 2014-15.

Gold prices hit a fresh record high and silver prices hit a two-year high on expectation of US rate cuts, escalating tensions in regions such as the Middle East uncertainty and risk aversion among investors.

### Debt Market Outlook

The Monetary Policy Committee decided to maintain the repo rate unchanged at 6.50% and retained policy stance of withdrawal of accommodation in its April, 2024 policy meeting.

Growth and inflation projection for FY25 remain unchanged from last policy at 7.0% and 4.5% respectively. Higher growth in GDP gives the central bank room to focus more on lowering inflation, such that it continues to moderate and aligns to the target on a durable basis.

Food price uncertainties continue to weigh on the inflation trajectory. However, headwinds from geopolitical tensions, rising crude oil prices and disruptions in trade routes needs to be closely monitored.

Stronger FPI inflows on the back of inclusion of Indian Government Bond in the JP Morgan Emerging Market Bond Index, lower government borrowing in the first half of the Financial year will continue to support long term yields. Prudent liquidity management by RBI will ensure that money market interest rates evolve in an orderly manner.

#### MoM Fixed Income average yield

	29th Feb 2024	28th March 2024
3 Month T-Bill	6.86	6.92
6 Month T-Bill	7.15	7.08
1 Year T-Bill	7.11	7.05
3 Months CD	7.70	7.55
3 Months CP	7.80	7.85
1 Year CD	7.75	7.60
1 Year CP	7.90	7.85
3 Years G-sec	7.06	7.05
5 Years G-sec	7.04	7.05
7 Years G-sec	7.08	7.06
10 Years G-sec	7.07	7.06
1 Year AAA	7.90	7.78
3 Years AAA	7.68	7.68
5 Years AAA	7.65	7.58
10 Years AAA	7.57	7.48

# Parag Parikh Liquid Fund

An Open-ended Liquid scheme. A Relatively Low Interest Rate Risk and Relatively low Credit Risk

<b>Name of the fund</b>	Parag Parikh Liquid Fund (PPLF)
<b>Investment Objective</b>	To deliver reasonable market related returns with lower risk and high liquidity through judicious investments in money market and debt instruments. However, there is no assurance that the investment objective of the scheme will be realized and the scheme does not assure or guarantee any returns.
<b>Type of the Scheme</b>	An Open ended Liquid scheme. A Relatively Low Interest Rate Risk and Relatively low Credit Risk
<b>Date of Allotment</b>	May 11, 2018
<b>Name of the Fund Manager</b>	<b>Mr. Raj Mehta</b> - Debt Fund Manager (Since Inception) <b>Ms. Mansi Kariya</b> - Co - Fund Manager - Debt (Since December 22, 2023)
<b>Assets Under Management (AUM) as on March 31, 2024</b>	₹ 2,050.35 Crores
<b>Average AUM for the Month</b>	₹ 2,034.52 Crores
<b>Month End Expense Ratio</b>	Regular Plan: 0.27%* Direct Plan: 0.17%* *Including additional expenses and GST on management fees. Total Expense ratio is as on last business day of the month
<b>Tier 1 Benchmark Index</b>	CRISIL Liquid Debt A-I Index
<b>Additional Benchmark</b>	CRISIL 1 Year T-Bill index
<b>Minimum Application / Additional Purchase Amount</b>	New Purchase: ₹ 5,000 Additional Purchase: ₹ 1,000
<b>Minimum SIP Investment Amount</b>	Monthly SIP: ₹ 1,000/- Quarterly SIP: ₹ 3,000/-

## Quantitative Indicators\*

Avg maturity of the fund (days)	31.25
Modified duration (Years) <sup>#</sup>	0.0775
Yield to Maturity <sup>#</sup>	7.12%
Macaulay Duration (Years) <sup>#</sup>	0.0830

\* Computed on the invested amount

# All the above ratios are computed excluding investment in CDMDF units

## Load Structure

Entry Load	Not Applicable	
Exit Load	<b>Investor Exit upon subscription</b>	<b>Exit load as a % of redemption / switch proceeds</b>
	Day 1	0.0070%
	Day 2	0.0065%
	Day 3	0.0060%
	Day 4	0.0055%
	Day 5	0.0050%
	Day 6	0.0045%
	Day 7 onwards	0.0000%

\* For purpose of levying exit load, if subscription (application & funds) is received within cut-off time on a day, Day 1 shall be considered to be the same day, else the day after the date of allotment of units shall be considered as Day 1.

Any exit load charged (net off GST, if any) shall be credited back to the Scheme.

## NAV Details

Plan	Direct	Regular
Growth	1341.918	1333.9286
Daily Reinvestment of Income Distribution cum capital withdrawal option	1000.5405	1000.5404
Weekly Reinvestment of Income Distribution cum capital withdrawal option	1002.2373	1002.2239
Monthly Income Distribution cum capital withdrawal option	1004.2398	1004.2262

## Portfolio Disclosure

Treasury Bills		
Name	Rating	% of Net Assets
182 Days Tbill (MD 04/04/2024)	Sovereign	3.66%
91 Days Tbill (MD 11/04/2024)	Sovereign	3.65%
91 Days Tbill (MD 18/04/2024)	Sovereign	3.65%
91 Days Tbill (MD 02/05/2024)	Sovereign	3.64%
364 Days Tbill (MD 09/05/2024)	Sovereign	3.63%
91 Days Tbill (MD 16/05/2024)	Sovereign	3.63%
91 Days Tbill (MD 30/05/2024)	Sovereign	3.62%
182 Days Tbill (MD 06/06/2024)	Sovereign	3.61%
91 Days Tbill (MD 20/06/2024)	Sovereign	3.60%
91 Days Tbill (MD 27/06/2024)	Sovereign	3.60%
182 Days Tbill (MD 13/06/2024)	Sovereign	3.13%
364 Days Tbill (MD 25/04/2024)	Sovereign	2.43%
182 Days Tbill (MD 11/04/2024)	Sovereign	2.43%
364 Days Tbill (MD 30/05/2024)	Sovereign	1.21%
<b>Sub Total</b>		<b>45.49%</b>
Commercial Paper		
National Bank For Agri & Rural CP (MD 02/04/2024)	CRISIL A1+	2.44%
HDFC Bank Limited CP (MD 16/04/2024)	CARE A1+	2.43%
HDFC Bank Limited CP (MD 24/04/2024)	CRISIL A1+	2.43%
National Bank For Agri & Rural CP (MD 25/04/2024)	ICRA A1+	1.21%
National Bank For Agri & Rural CP (MD 30/04/2024)	CRISIL A1+	1.21%
<b>Sub Total</b>		<b>9.72%</b>
Certificate of Deposit		
Indian Bank CD (MD 02/04/2024)	CRISIL A1+	4.88%
Union Bank of India CD (MD 02/04/2024)	IND A1+	4.88%
ICICI Bank Limited CD (MD 30/04/2024)	ICRA A1+	4.85%
Canara Bank CD (MD 08/05/2024)	CRISIL A1+	4.84%
Axis Bank Limited CD (MD 15/05/2024)	CRISIL A1+	4.83%
Punjab National Bank CD (MD 02/04/2024)	CRISIL A1+	3.66%
Kotak Mahindra Bank Limited CD (MD 17/04/2024)	CRISIL A1+	2.43%
Bank of Baroda CD (MD 02/05/2024)	IND A1+	2.42%
Kotak Mahindra Bank Limited CD (MD 09/05/2024)	CRISIL A1+	2.42%
Bank of Baroda CD (MD 17/05/2024)	IND A1+	1.21%
Bank of Baroda CD (MD 03/05/2024)	IND A1+	1.21%
Punjab National Bank CD (MD 10/05/2024)	CRISIL A1+	1.21%
<b>Sub Total</b>		<b>38.84%</b>
Corporate Debt Market Development Fund A2		
Corporate Debt Market Development Fund		0.26%
TREPS and Other Receivables and Payables		
TREPS Including Cash & Cash Equivalent and Net Current Asset		5.69%
<b>Net Assets</b>		<b>100.00%</b>

All data/information mentioned above are as on March 31, 2024.



## Lumpsum Investment Performance (Compounded annual returns)

Date	Scheme		Tier I Benchmark	Additional Benchmark	Value of Investment of Rs. 10,000/-			
	PPLF (Regular)	PPLF (Direct)	CRISIL Liquid Debt A-I Index	CRISIL 1 year T-bill Index	PPLF (Regular)	PPLF (Direct)	CRISIL Liquid Debt A-I Index	CRISIL 1 year T-bill Index
Since Inception (11 May, 2018)*	5.01%	5.12%	5.57%	5.83%	13,339	13,419	13,766	13,961
March 24, 2024 to March 31, 2024 (Last 7 Days)	7.92%	8.02%	7.58%	7.32%	10,015	10,015	10,015	10,014
March 16, 2024 to March 31, 2024 (Last 15 Days)	7.18%	7.28%	7.19%	6.39%	10,030	10,030	10,030	10,026
Feb. 29, 2024 to March 31, 2024 (Last 1 Month)	7.07%	7.17%	7.23%	7.22%	10,060	10,061	10,061	10,061
March 31, 2023 to March 31, 2024 (Last 1 Year)	6.80%	6.90%	7.25%	7.21%	10,682	10,692	10,727	10,723
March 31, 2021 to March 31, 2024 (Last 3 Years)	5.08%	5.18%	5.53%	5.15%	11,603	11,637	11,754	11,626
March 31, 2019 to March 31, 2024 (Last 5 Years)	4.76%	4.87%	5.27%	5.51%	12,623	12,686	12,933	13,077

\*Since inception returns are calculated on Rs. 1000 (allotment price)

Please click on link for performance of other schemes managed by Fund Manager: <https://amc.ppfas.com/schemes/fund-manager-performance/>

Mr. Raj Mehta - Debt Fund Manager (Since Inception)

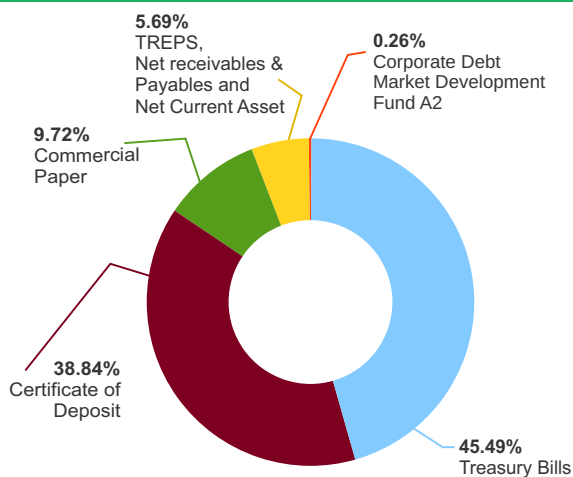
Ms. Mansi Kariya - Co - Fund Manager - Debt (Since December 22, 2023)

### Note:

- Different plans shall have different expense structures.
- Scheme returns shown are for direct and regular plan
- Past performance may or may not be sustained in future and is not a guarantee of any future returns
- Greater than 1 year returns are CAGR returns.
- Data presented here is upto the last calendar month.
- Less than 1 year returns are simple annualised returns.

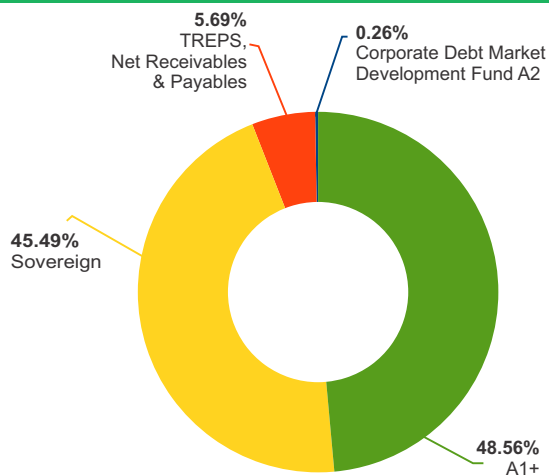


### Asset Allocation by Asset Class



Source: Internal sources

### Asset Allocation by Rating



Source: Internal sources

This Product is suitable for investors who are seeking*	Scheme's Riskometer	Tier 1 Benchmark's Riskometer (CRISIL Liquid Debt A-I Index)
<ul style="list-style-type: none"> <li>• Income over the short term</li> <li>• Investments in Debt/money market instruments</li> </ul>	<p>Investors understand that their principal will be at low to moderate risk.</p>	

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

Note: Please visit the website address for latest Riskometer updates:

[Click here for Product Label of the Schemes](#)

### Potential Risk Class of the debt scheme of PPFAS Mutual Fund :

	Potential Risk Class			
	Credit Risk	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Parag Parikh Liquid Fund	Interest Rate Risk			
	Relatively Low (Class I)	A-I		
	Moderate (Class II)			
	Relatively High (Class III)			
A-I - A Scheme with Relatively Low Interest Rate Risk and Relatively Low Credit Risk				

All data/information mentioned above are as on March 31, 2024.

## PPFAS Asset Management Private Limited

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# PPFAS

## MUTUAL FUND

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