

Scheme Facts

Structure

An open ended debt scheme predominantly investing in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds)

Month end AUM* (as on 31st August 2019)

₹4,735.49 crs

Monthly Average AUM*

₹4,734.52 crs

NAV (as on 30th August 2019)

Growth	₹21.0631
Direct Growth	₹22.3873
Weekly Dividend	₹10.0002
Direct Weekly Dividend	₹10.4247
Monthly Dividend	₹10.3335
Direct Monthly Dividend	₹10.5617
Quarterly Dividend	₹11.0232
Direct Quarterly Dividend	₹10.4130
Annual Dividend	₹10.6915
Direct Annual Dividend	₹16.8150

Launch Date

11th May 2010

Benchmark

CRISIL Composite AA Short Term Bond Index

Min. Initial Inv.

₹5000/-

Additional Inv.

₹1000 & in multiples of ₹1

Standard Deviation[^]

1.46%

Average Maturity

2.57 years

Portfolio Modified Duration

1.96 years

YTM

9.78%

Macaulay Duration

2.12

*Source: MFI Explorer.

[^] as on 30th August, 2019. Source: Value Research.

Load Structure

Entry Load: Nil

Exit Load: i) For redemption / switch out of upto 10% of the initial investment amount (limit) purchased or switched in within 1 year from the date of allotment: Nil.

ii) If units redeemed or switched out are in excess of the limit within 1 year from the date of allotment: 1%.

iii) If units are redeemed or switched out on or after 1 year from the date of allotment: Nil.

iv) Any exit load charged (net off Goods and Service Tax, if any) shall be credited back to the respective Scheme. Units issued on reinvestment of dividends shall not be subject to entry and exit load.

About Kotak Credit Risk

- The investment objective of Kotak Credit Risk is to generate income by investing in debt and money market securities across the yield curve and credit spectrum.
- The scheme would also seek to maintain reasonable liquidity within the fund.
- The scheme invests in securities offering high accrual by taking on a marginally higher credit risk.
- The fund manager may also seek to capitalize on opportunity of potential credit rating upgrades from time to time.
- The scheme is suitable for investors with a time horizon of 15 months plus.

Debt Market Outlook

- The month of Aug began with a scheduled MPC meeting at the beginning of the month. All eyes were on MPC as it would have reaffirmed the market belief of rate cuts ahead. The decision was better than market estimates as they decided to give 35 bp reduction in repo and making the REPO Rate at 5.40%.
- The Jalan committee report was approved and accepted by the government and the RBI Board in which they recommended transfer of Rs. 1.76 tn to the government from profit and contingency reserves. They also decided not to touch the revaluation reserves which was a much larger part of the overall Kitty.
- Later during the month the FM announced the reversal of additional tax which was levied on the FPI however this decision doesn't have any direct correlation with bond market but definitely impacts the equity and currency thus impacts debt market.
- Other macro variables such as CPI inflation and GDP were announced during the month, while CPI was in line with market expectations the GDP number was a shocker at 5%, almost 70 bps below the expected rate. This was seen as a positive for the bond market as bond yields drifted lower.
- We continue to maintain the view on the G sec and corporate bonds as stated earlier. The credit environment continues to be weaker hence low rated credit spreads remained elevated while good quality AAA rated PSU assets saw spread compression as well which as in line with our estimates and we continue to hold these assets as we expect gradual compression going ahead.

Portfolio Action

- Given the above outlook we intend to maintain the average maturity at the higher end of the indicated band.
- The endeavor is to enhance the portfolio yield by either selling low yielding assets to buy high yielding assets or by utilizing the cash to acquire high yielding assets.
- We intend to maintain the modified duration in the range of 1.5 – 2.5 in Sept 2019.

Particulars	30 August 2019	31 July 2019
Avg. Maturity (in yrs)	2.57	2.20
Duration	1.96	1.69
Yield (in %)	9.78	9.32
Macaulay Duration	2.12	1.82

Asset Allocation as on 31st August, 2019

Debentures and Bonds	95.59%
Commercial Paper (CP)/Certificate of Deposits (CD)	2.30%
Net Current Assets	1.84%
TREP & Term Deposits & Rev.Repo	0.27%

Top 10 Companies as on 31st August, 2019

U P Power Corporation Ltd (Guaranteed By UP State Government)	CRISIL A+(SO) /FITCH IND AA(SO)	10.42%
HDFC Ltd.	CRISIL AAA	7.01%
Andhra Bank	CARE A+ /CRISIL AA-	5.95%
JSW Techno Projects Management Ltd. (Secured by Equity shares of JSW Energy Ltd and JSW Steel Ltd.)	BRICKWORK BWR A(SO)	4.63%
Power Finance Corporation Ltd.	CRISIL AAA	4.42%
Union Bank of India	FITCH IND AA/CARE AA-	4.05%
Talwandi Sabo Power Ltd. (Unconditional and Irrevocable Corp. Guarantee of Vedanta Ltd.)	CRISIL AA(SO)	4.03%
Sarvoday Advisory Services Pvt. Ltd. (Secured by Equity shares of JSW Energy Ltd. and JSW Steel Ltd.)	BRICKWORK BWR A(SO)	3.75%
LIC Housing Finance Ltd.	CARE AAA	3.53%
Coastal Gujarat Power Ltd. (Guarenteed by TATA Power Co. Ltd)	CARE AA(SO)	3.28%

About Kotak Mutual Fund

Kotak Mahindra Asset Management Company Limited (KMAMC) is a wholly owned subsidiary of Kotak Mahindra Bank Limited (KMBL). KMBL has over two decades of experience in financial services. KMBL has a market capitalization of 2732.81bn(as on, 31st August, 2019). KMAMC is the Asset Manager for Kotak Mahindra Mutual Fund (KMMF). It started operations in December 1998. KMMF offers schemes catering to investors with varying risk - return profiles and was the first fund house in the country to launch a dedicated gilt scheme. KMAMC manages assets worth ₹ 1,69,756.51CR as on 31st August, 2019.

* The numbers are converted using the Rupee-USD reference rate published by the Reserve Bank of India as on the respective dates.

To know more

Call : 1800-222-626 (Toll Free), Mumbai 61152100, Delhi 66306900 / 02, Chennai 28221333 / 45038171, Kolkata 64509802 / 03, Pune 64013395 / 96, Ahmedabad 26779888, Bangalore 66128050 / 51, Hyderabad 66178140/41.

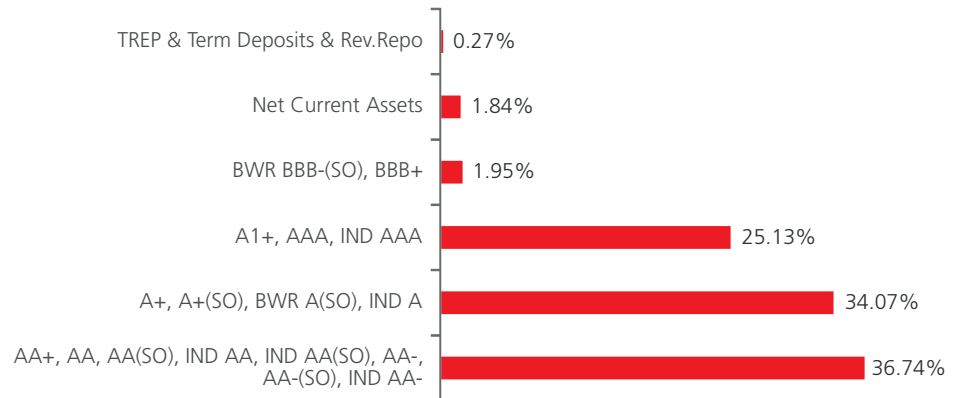
Visit - assetmanagement.kotak.com
Email - mutual@kotak.com

Disclaimer

Kotak Credit Risk An open ended debt scheme predominantly investing in AA and below rated corporate bonds (Excluding AA+ rated corporate bonds) **Investment Objective:** The investment objective of the scheme is to generate income by investing in debt/and money market securities across the yield curve and credit spectrum. The scheme would also seek to maintain reasonable liquidity within the fund. There is no assurance that or guarantee that the investment objective of the scheme will be achieved.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. Scheme Information Document (SID) and Statement of Additional Information (SAI) available on mutualfund.kotak.com

Rating Profile as on 31st August, 2019



Kotak Credit Risk Fund - Growth *Performance (%) as on 30th August, 2019

Date	Scheme Returns (%) ^	CRISIL Composite AA Short Term Bond Index [§] # (%)	Alpha	CRISIL 1 Year T-Bill Index ## (%)	Current Value of Standard Investment of ₹10000 in the		
					Scheme # (₹)	Benchmark # (₹)	Additional Benchmark ## (₹)
Kotak Credit Risk Fund - Growth^^							
Since Inception	8.33	8.96	-0.63	6.86	21,063	22,228	18,551
Last 1 Year	7.95	8.90	-0.95	8.37	10,795	10,890	10,837
Last 3 Years	7.23	8.19	-0.96	6.79	12,327	12,660	12,176
Last 5 Years	8.40	8.92	-0.53	7.31	14,974	15,343	14,241

Scheme Inception date is 11/05/2010. Mr. Deepak Agrawal has been managing the fund since 12/04/2010.

Different plans have different expense structure. The performance details provided herein are of regular plan.

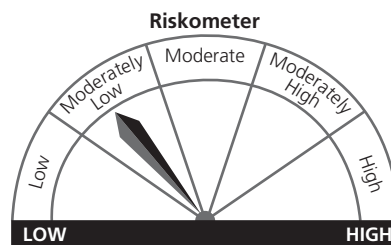
^Past performance may or may not be sustained in future. *All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Note: Point to Point (PTP) Returns in INR shows the value of ₹10,000/- investment made at inception. Source: ICRA MFI Explorer. Classification of schemes in short term & long term is based on the average maturity of the scheme. # Name of Scheme Benchmark. ## Name of Additional Benchmark. Please refer page no. 3 for top 3 and bottom 3 schemes managed by Mr. Deepak Agrawal.

We are comparing the performances of the funds with the total return Index.

^^Kotak Income Opportunities Fund is renamed as Kotak Credit Risk Fund with effect from 1st June 2018.

§With Effect from 1st June 2018, the Benchmark is changed to CRISIL Composite AA Short Term Bond Index from Crisil Short Term Bond Fund Index.

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Investors understand that their principal will be at moderately low risk

This product is suitable for investors who are seeking*:

- Income over a medium term horizon
- Investment in debt & money market securities

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

Top 3 Funds Managed by Mr. Deepak Agrawal

Period	1 year		3 years		5 years		Since Inception	
	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}
Kotak Dynamic Bond Fund - Growth	12.79	13.31	8.42	7.55	9.30	9.11	8.69	8.46
Kotak Banking and PSU Debt Fund - Growth	11.18	10.66	8.04	8.16	8.45	9.09	7.47	NA
Kotak Bond Short Term Plan - Growth	9.85	9.76	7.20	7.58	8.05	8.28	7.72	7.92

Mr. Deepak Agrawal manages 12 & All FMPs funds of Kotak Mutual fund.

Kotak Dynamic Bond Fund - Growth (Erstwhile Flexi Debt Fund), *Name of the Benchmark - Nifty Composite Debt Index, Scheme Inception date is 26/05/2008. Mr. Deepak Agrawal has been managing the fund since 25/11/2012.

Kotak Banking and PSU Debt Fund - Growth, *Name of the Benchmark - CRISIL Banking and PSU Debt Index, Scheme Inception date is 29/12/1998. Mr. Deepak Agrawal has been managing the fund since 01/08/2008.

Kotak Bond Short Term Plan - Growth, *Name of the Benchmark - NIFTY Short Duration Debt Index, Scheme Inception date is 02/05/2002. Mr. Deepak Agrawal has been managing the fund since 11/07/2007.

Different plans have different expense structure. The performance details provided herein are of regular plan

[^]Past performance may or may not be sustained in future.*All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Source: ICRA MFI Explorer.

We are comparing the performances of the funds with the total return Index.

Bottom 3 Funds Managed by Mr. Deepak Agrawal

Period	1 year		3 years		5 years		Since Inception	
	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}	Scheme Returns (%) [^]	Benchmark Returns (%) ^{^*}
Kotak Low Duration Fund - Growth	8.08	8.57	7.63	7.51	8.41	8.02	7.75	8.53
Kotak Liquid - Regular Plan - Growth	7.17	7.18	6.99	6.90	7.52	7.39	7.42	7.44
Kotak Medium Term Fund - Regular Plan - Growth	5.85	11.11	6.30	7.51	8.11	8.74	8.38	8.92

Mr. Deepak Agrawal manages 12 & All FMPs funds of Kotak Mutual fund.

Kotak Low Duration Fund - Growth, *Name of the Benchmark - NIFTY Low Duration Debt Index, Scheme Inception date is 06/03/2008. Mr. Deepak Agrawal has been managing the fund since 01/02/2015.

Kotak Liquid - Regular Plan - Growth, *Name of the Benchmark - NIFTY Liquid Index, Scheme Inception date is 04/11/2003. Mr. Deepak Agrawal has been managing the fund since 01/05/2007.

Kotak Medium Term Fund - Regular Plan - Growth, *Name of the Benchmark - NIFTY Medium Duration Debt Index, Scheme Inception date is 21/03/2014. Mr. Deepak Agrawal has been managing the fund since 22/06/2015.

Different plans have different expense structure. The performance details provided herein are of regular plan

[^]Past performance may or may not be sustained in future.*All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns > = 1 year: CAGR (Compounded Annualised Growth Rate). N.A stands for data not available. Source: ICRA MFI Explorer.

We are comparing the performances of the funds with the total return Index.