

Kotak Bond Fund

An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years

31st December, 2020





Kotak Bond Fund

About Kotak Bond Fund

- 1** The investment objective of Kotak Bond Fund is to create a portfolio of debt and moneymarket instruments of different maturities so as to spread the risk across a wide maturity horizon and different kinds of issuers in the debtmarket.
- 2** The scheme offers a play on interest rates by managing duration actively.
- 3** Duration is increased if the view is that of falling interest rates and vice versa.



- 4** The scheme also seeks to provide stable returns in the long term by managing credit risk actively.
- 5** The portfolio is well diversified with a mix of good credit quality debentures, bonds and government securities. It is suitable for investors who seek the high accrual offered by long term papers, have a view on interest rates and have a long term investment horizon.

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



▶ Debt Market Brief

- ▶ New Covid-19 cases have been steadily falling and remained below 20,000 new daily cases for a large part of December 2020
- ▶ There has been major development on the vaccine development and approval process. Major countries including The United States and the United Kingdom have approved vaccines and have already started the process of vaccinating their citizens. This however, was not just limited to the western countries. India too has approved 2 Covid vaccines for emergency use, and we can expect the roll out soon.
- ▶ Earlier during the month the MPC voted to keep the repo rates unchanged and continued the accommodative stance. This is despite Oct-20 inflations levels hitting a peak of 7.63%.
- ▶ RBI announced 2 Spl OMO's worth 10k each back to back and also rejected 10 yr auction when the bond yields were at 5.95% clearly indicating higher yields at long end of the curve is not acceptable. On the short end surplus liquidity is keeping the bond yields well anchored. The 10-Year Gsec yield remained relatively stable during the month.

▶ Portfolio Action

- ▶ As on Dec 31 2020, ~77% of the scheme portfolio comprised of government securities (central as well as state). ~11% of the portfolio was invested in corporate securities, ~12% in Cash and Equivalents.
- ▶ As the liquidity surplus sustains this will lead to compression of spreads in corporate bonds. As far as gilt curve is concerned 10 yr and longer g-sec are most attractive given risk reward and liquidity.

Particulars	31 Dec 2020	30 Nov 2020
Avg. Maturity (in yrs)	9.81	9.63
Modified Duration	6.54	5.45
Yield (in %)	5.69	5.59
Macaulay Duration	6.77	5.66

Risk Statistics[@]

Standard Deviation

3.69%

Average Maturity

9.81 Years

Portfolio Modified Duration

6.54 Years

YTM

5.69%

Macaulay Duration

6.77



Kotak Bond Fund

Top 10 Companies as on 31st December, 2020

6.19% Central Government(*)	SOV		17.14%
4.70% Central Government	SOV		10.71%
6.68% Central Government	SOV		7.70%
Canara Bank (Basel III TIER II Bonds)	FITCH IND AAA		5.84%
6.57% State Government-Andhra Pradesh	SOV		5.13%
6.4% State Government(*)-Andhra Pradesh	SOV		3.78%
6.6% State Government-Uttar Pradesh	SOV		3.59%
5.85% Central Government	SOV		3.05%
Union Bank of India () (Basel III TIER II Bonds)	CRISIL AA+		3.03%
6.62% State Government-Uttar Pradesh	SOV		2.56%

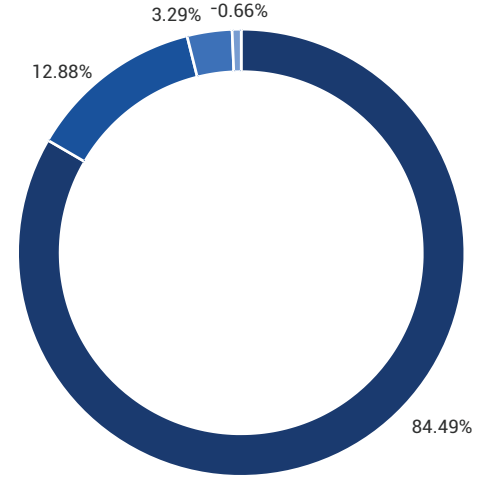
(*) Fully or Party blocked against Interest Rate Swap (IRS)

Asset Allocation as on 31st December, 2020

Government Dated Securities		76.47%
TREP & Term Deposits & Rev.Repo		12.88%
Debentures and Bonds		11.31%
Net Current Assets		-0.66%

Data as on December 31, 2020

Rating Profile as on 31st December, 2020



- AAA, AAA(CE), AAA(SO), IND AAA, SOV
- TREP & Term Deposits & Rev.Repo
- AA+
- Net Current Assets

▶ Kotak Bond Fund *Performance (%) (as on 31st December, 2020)

	Scheme Returns (%) [^]	Nifty Medium to Long Duration Index # (%) ⁵	Alpha	CRISIL 10 YR Gilt Index [#] (%)	Current Value of Standard Investment of ₹10000 in the		
					Scheme # (₹)	Benchmark # (₹)	Additional Benchmark ## (₹)
Since Inception	8.96	NA	NA	NA	61,264	NA	NA
Last 1 Year	12.22	12.90	-0.68	9.23	11,226	11,294	10,926
Last 3 Years	9.17	9.49	-0.32	8.55	13,022	13,137	12,799
Last 5 Years	8.46	9.01	-0.55	8.01	15,019	15,402	14,705

Scheme Inception date is 25/11/1999. Mr. Abhishek Bisen has been managing the fund since 01/04/2008.

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: ICRAMFI 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 pageno. 7 for top 3 and bottom 3 schemes managed by Mr. Abhishek Bisen. We are comparing the performances of the funds with the total return index. ⁵ With Effect from 1st June 2018, the Benchmark is changed to Nifty Medium to Long Duration Index from Crisil Composite Bond Fund Index.

The performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark. Alpha is difference of scheme return with benchmark return.

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▶ Kotak Bond Fund (SIP Performance) (as on 31st December, 2020)

Systematic Investment Plan (SIP) If you had invested Rs 10,000 every month

Monthly SIP of Rs 10000	Since Inception	10 years	7 years	5 years	3 years	1 year
Total amount invested (Rs)	2,540,000	1,200,000	840,000	600,000	360,000	120,000
Total Value as on December 31, 2020 (Rs)	6,730,187	1,852,883	1,137,884	748,236	423,332	127,071
Scheme Returns (%)	8.39	8.41	8.53	8.76	10.80	11.11
Nifty Medium to Long Duration Debt Index Returns (%)	NA	9.18	9.50	9.74	11.88	12.68
Alpha*	NA	-0.76	-0.97	-0.98	-1.08	-1.57
Nifty Medium to Long Duration Debt Index (Rs)#	NA	1,914,795	1,168,962	760,817	426,028	126,854
CRISIL 10 Year Gilt Index (Rs) [^]	NA	1,801,675	1,123,712	734,435	416,629	124,494
CRISIL 10 Year Gilt Index Returns (%)	NA	7.88	8.18	8.02	9.71	7.02

Scheme Inception : - November 25, 1999. The returns are calculated by XIRR approach assuming investment of Rs. 10,000/- on the 1st working day of every month. XIRR helps in calculating return on investments given an initial and final value and a series of cash inflows and outflows and taking the time of investment into consideration. Since inception returns are assumed to be starting from the beginning of the subsequent month from the date of inception. # Benchmark ; [^] Additional Benchmark. Alpha is difference of scheme return with benchmark return.

Top 3 Funds Managed by Mr. Abhishek Bisen

	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 Gold Fund - Growth	26.50	27.37	18.94	19.45	13.72	14.61	7.71	9.27
Kotak Gold ETF	26.38	27.37	18.48	19.45	13.55	14.61	12.66	13.80
Kotak Equity Hybrid Fund - Growth	15.34	16.88	7.28	11.50	11.03	12.44	9.44	10.24

Mr. Abhishek Bisen manages 8 funds of Kotak Mutual fund.

Kotak Gold Fund - Growth, *Name of the Benchmark - Price of Gold, Scheme Inception date is 25/03/2011. Mr. Abhishek Bisen has been managing the fund since 04/03/2011.

Kotak Gold ETF, *Name of the Benchmark - Price of Gold, Scheme Inception date is 27/07/2007. Mr. Abhishek Bisen has been managing the fund since 15/04/2008. & Mr. Satish Dondapati has been managing the fund since 09/05/2019.

Kotak Equity Hybrid Fund - Growth (Erstwhile Kotak Balance), *Name of the Benchmark - NIFTY 50 Hybrid Composite Debt 65:35 Index, Scheme Inception date is 25/11/1999 and Kotak Equity Hybrid Fund - Regular plan scheme inception date is 3rd November 2014. Mr. Pankaj Tibrewal has been managing the fund since 25/08/2015. Mr. Abhishek Bisen has been managing the fund since 15/04/2008.

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. TRI - Total Return Index. With effect from 1st February 2018, we are comparing the performances of the funds with the total return variant of the benchmark instead of the price return variant. The debt component of the index is TRI since inception. For equity component of the index, as TRI data is not available since inception of the scheme, benchmark performance is calculated using composite CAGR of S&P BSE 200 PRI values series is used till 31st July 2006 and TRI values is used since 1st Aug 2006.

Bottom 3 Funds Managed by Mr. Abhishek Bisen

	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 Balanced Advantage Fund - Growth	13.60	16.50	NA	NA	NA	NA	10.66	11.88
Kotak Gilt Fund - Growth	13.22	11.80	10.09	10.05	9.38	9.10	9.69	NA
Kotak Equity Savings Fund - Growth	10.36	6.65	7.40	6.58	8.51	7.26	8.37	7.11

Mr. Abhishek Bisen manages 8 funds of Kotak Mutual fund.

Kotak Balanced Advantage Fund - Growth, *Name of the Benchmark - NIFTY 50 Hybrid Composite Debt 50:50 Index. Scheme Inception date is 03/08/2018. Mr. Abhishek Bisen & Mr. Harish Krishnan has been managing the fund since 03/08/2018. Mr. Hiten Shah has been managing the fund since 03/10/2019.

Kotak Gilt Fund - Growth, *Name of the Benchmark - NIFTY All Duration G-Sec Index, Scheme Inception date is 29/12/1998. Mr. Abhishek Bisen has been managing the fund since 15/04/2008.

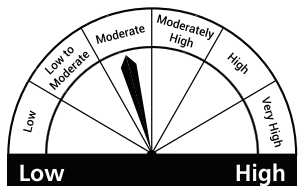
Kotak Equity Savings Fund - Growth, *Name of the Benchmark - 75% NIFTY 50 Arbitrage + 25% Nifty 50 TRI, Scheme Inception date is 13/10/2014. Mr. Harish Krishnan has been managing the fund since 09/05/2019. Mr. Abhishek Bisen has been managing the fund since 17/09/2014. Mr. Hiten Shah has been managing the fund since 03/10/2019.

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. TRI - Total Return Index. With effect from 1st February 2018, we are comparing the performances of the funds with the total return variant of the benchmark instead of the price return variant. The debt component of the index is TRI since inception. For equity component of the index, as TRI data is not available since inception of the scheme, benchmark performance is calculated using composite CAGR of S&P BSE 200 PRI values series is used till 31st July 2006 and TRI values is used since 1st Aug 2006.

Kotak Bond Fund



Riskometer



Investors understand that their principal will be at moderate risk

This product is suitable for investors who are seeking*:

- ▶ Income over long term investment horizon
- ▶ Investment in debt & money market securities

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

Scheme Facts

AUM* (as on 31st December, 2020):

Month end AUM : ₹1,962.24 crs
Monthly Average AUM : ₹1,866.23 crs
Benchmark: Nifty Medium to Long Duration Index
Launch Date : 25th November, 1999

*Source: MFI Explorer.

NAV (as on 31st December, 2020):

Growth ₹61.2638
Direct Growth ₹65.5771
Quarterly Dividend ₹12.9940
Direct Quarterly Dividend ₹17.7482
Annual Dividend ₹37.5342
Direct Annual Dividend ₹23.6201

Investment Amount :

Minimum Investment: ₹5000 and in multiple of ₹1 for purchase and for ₹0.01 for switches
Additional Investment: ₹1000 & multiples of ₹1

Structure : An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years

Load Structure :

Entry Load: Nil

Exit Load:** For redemptions/switch outs (including SIP/STP) within 3 months from the date of allotment of units, irrespective of the amount of investment: 0.20%.

For redemption/switch outs (including SIP/STP) after 3 months from the date of allotment of units, irrespective of the amount of investment: Nil.

**The aforesaid revised exit load structure will be applicable only on a prospective basis for Units purchased/SIP/STP registered on or after February 22, 2018.

Disclaimer

Kotak Bond Fund An open ended medium term debt scheme.

Investment Objective: To create a portfolio of debt and money market instruments of different maturities so as to spread the risk across a wide maturity horizon & different kinds of issuers in the debt market.

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