

FUND FLASH – DSP SAVINGS FUND

(An open ended debt scheme investing in money market instruments.
A relatively low interest rate risk and moderate credit risk.)

(ONE FUND, MULTIPLE BENEFITS)

DSP

INVESTMENT MANAGERS

WHAT IS DSP SAVINGS FUND?

Money
Market
Securities



High credit
Quality



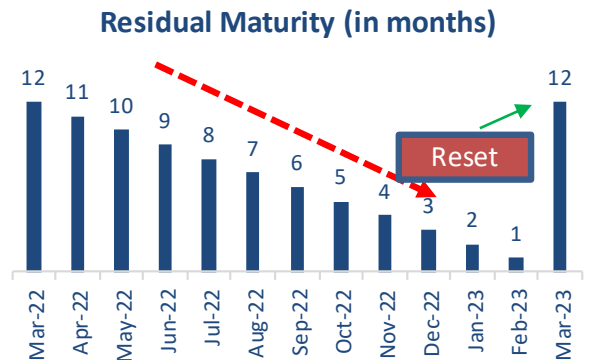
DSP Savings
Fund

Securities maturing
within 1 year

Corporate securities with A1+
rating & Sovereign securities

HOW IS IT MANAGED? - ROLL DOWN STRATEGY

- Fund employs 1- Year roll-down strategy and roll down gets reset every year implying that maturity of the fund keeps reducing every passing month.
- Roll down gets reset in March every year
- Roll-down structure can provide broad visibility of returns till next reset.



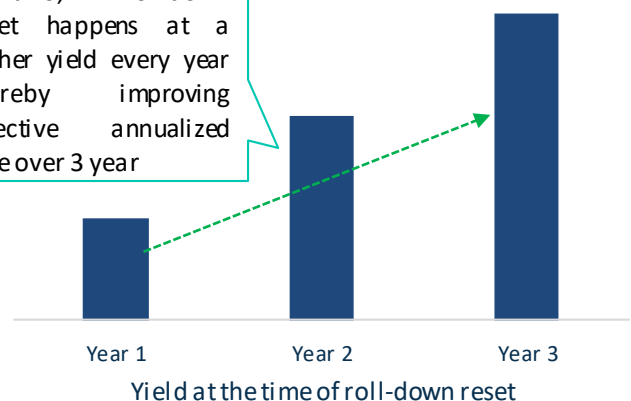
Only for illustration purpose. The investment approach/ framework/strategy mentioned herein is currently followed by the scheme and the same may change in future depending on market conditions and other factors.

CAN FUND BENEFIT FROM RISING INTEREST RATE SCENARIO?

- Roll-down strategy implies that investor is positioned to get approximately the prevailing yield (net of expense) till roll-down gets reset.
- If interest rate were to go up, YTM of the fund can also go up and next reset of roll-down can happen at higher yield. Thus over longer tenure, investor is positioned to benefit from rise in interest rates

Below illustration will help to give more clarity*

In rising interest rate scenario, roll-down reset happens at a higher yield every year thereby improving effective annualized rate over 3 year



Thus, if one foresees rising cycle upto two-three years, DSP Savings Fund can be good product to lock in higher yields every subsequent year, with maximum duration limited till 1 year

*Above data is for illustrative purpose only and should not in any way construed as returns from the scheme.

WHAT CAN BE MTM LOSS IN CASE YIELD RISE STEEPLY?

Owing to low duration of the portfolio, fund may have lesser impact of MTM loss due to rise in interest rate.

Refer illustration

Rise in yield	Modified Duration	Savings	Short Duration	Medium Duration	Long duration
	~0.75 yr		~2 yr	~5 yr	~7 yr
0.50%		-0.4%	-1.0%	-2.5%	-3.5%
1.00%		-0.8%	-2.0%	-5.0%	-7.0%
1.50%		-1.1%	-3.0%	-7.5%	-10.5%
2.00%		-1.5%	-4.0%	-10.0%	-14.0%

MTM – Mark to Market

Fund can be suitable for an investor who doesn't seek high volatility in the portfolio

HOW IS DSP SAVINGS FUND TAX EFFICIENT VS FIXED DEPOSIT

Short term holding (<3 years)

- No tax efficiency as taxation of DSP Savings fund & Fixed deposit will be as per maximum marginal rate of tax based on investor's tax slab (30% + Surcharge + cess).

Long term holding (>3 years)

- **DSP Savings fund** - Taxed as Long term capital gain at 20% with indexation benefit
- **Fixed deposit** – Taxed as per maximum marginal rate of tax based on investor's tax slab.

Taxation of gains if holding > 3 years

Income Slab >>	Fixed Deposit					DSP Savings Fund				
	<50L	>50L <=1 Cr	>1cr <=2 Cr	> 2 Cr <= 5 Cr	> 5 Cr	<50L	>50L <=1 Cr	>1cr <=2 Cr	> 2 Cr <= 5 Cr	> 5 Cr
Tax Rate (Base)	30.0%	30.0%	30.0%	30.0%	30.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Surcharge	0.0%	10.0%	15.0%	25.0%	37.0%	0.0%	10.0%	15.0%	15.0%*	15.0%*
Cess	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Final Rate of Tax	31.20%	34.32%	35.88%	39.00%	42.74%	20.8%	22.88%	23.92%	23.92%	23.92%

Incidence of tax in DSP Savings Fund is only at the time of sale while tax needs to be paid every year in fixed deposits. Thus, investor loses on interest on tax paid every year.

*The Finance Bill, 2022 has capped surcharge on long term capital gains covered under section 112 (i.e. other than listed equity and equity-oriented funds at 15%) for taxpayers other than corporates and partnership firms. This amendment is applicable with effect from 1 April 2022. Therefore the surcharge rates have reduced from 25% (for income >2cr <=5cr) and 37% (for income >5cr) to 15%.

ILLUSTRATION TO UNDERSTAND TAX EFFICIENCY

Assuming Debt mutual fund & Fixed deposit yield below returns

	Debt Mutual Funds	3 year Fixed Deposit rate
Yield in Year 1	5.0%	5.45%
Yield in Year 2	5.5%	
Yield in Year 3	6.0%	

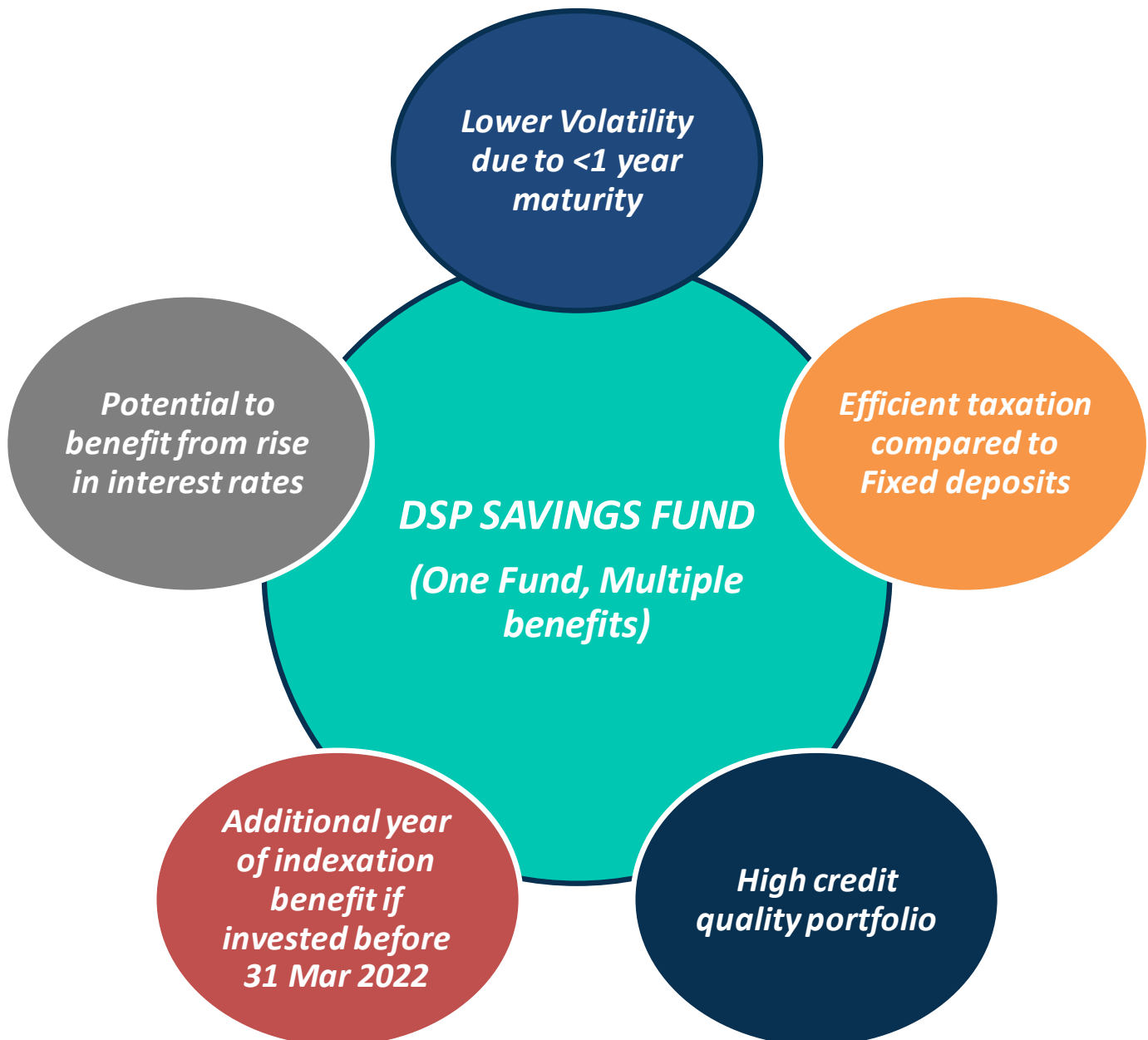
Calculation of post tax returns for investment of Rs.100,000

Particulars	If Invested before 31 Mar 22 & redeemed after 31 Mar 25	If Invested after 31 Mar 22 & redeemed after 31 Mar 25	Fixed Deposit
	Debt Mutual Fund	Debt Mutual Fund	
Tax rate	23.92% [@]	23.92% [@]	42.74%*
No of years of Indexation	4 years	3 years	
Investment Value (Year 1 End)	1,05,000	1,05,000	105,450
Less – tax	0	0	2,330
Investment Value net of tax (Year 1 end)	1,05,000	1,05,000	103,120
Investment Value (Year 2 End)	1,10,775	1,10,775	108,741
Less – tax	0	0	2,402
Investment Value net of tax (Year 2 end)	1,10,775	1,10,775	106,338
Investment Value (Year 3 End)	1,17,422	1,17,422	112,134
Less – tax	0 [^]	397 [^]	2,477
Investment Value net of tax (Year 3 end)	1,17,422	1,17,025	109,657
Post Tax Returns	5.50%	5.38%	3.12%

Investors can earn additional year of indexation benefit in debt mutual fund if investment is done before 31st March 2022!

*Tax rate assumed for investor in highest tax slab with no surcharge applicable but including cess. @ The Finance Bill, 2022 has capped surcharge on long term capital gains covered under section 112 (i.e. other than listed equity and equity-oriented funds at 15%) for taxpayers other than corporates and partnership firms. This amendment is applicable with effect from 1 April 2022.. ^ Inflation is assumed at 5% p.a. for calculating indexation cost of acquisition. Above is only for illustration purposes. Please consult your 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.

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Disclaimer

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. **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 scheme, which are available at AMC and registrar offices and investor service centres/AMC website- www.dspim.com

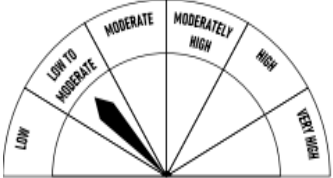
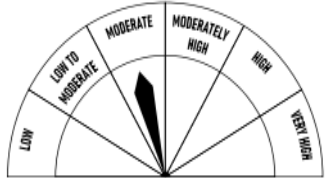
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Potential Risk Class Matrix

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

Potential Risk Class			
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)	-	-	-

Product Labelling

Scheme	Product Suitability	Riskometer	
		DSP Savings Fund	Benchmark - CRISIL Money Market Index
DSP Savings Fund <i>(An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.)</i>	This scheme is suitable for investors who are seeking* <ul style="list-style-type: none"> Income over a short-term investment horizon Investment in money market instruments with maturity less than or equal to 1 year <p>* Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.</p>	 <p>RISKOMETER INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT LOW TO MODERATE RISK</p>	 <p>RISKOMETER INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>