



# 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)

# 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.

# 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**

# Favorable Entry Point?

# #1: RBI Policy Highlights - Stability with Watchful Cautions

## Policy Decision – MPC February 2026

- Repo rate held at 5.25%; stance remains Neutral
- Signals a pause after 125 bps of cumulative easing

## Macro Assessment

- Growth outlook remains strong; FY26 GDP projected at 7.4%
- Inflation stays benign and within tolerance; temporary uptick expected from base effects
- Medium-term inflation projected to normalize around target

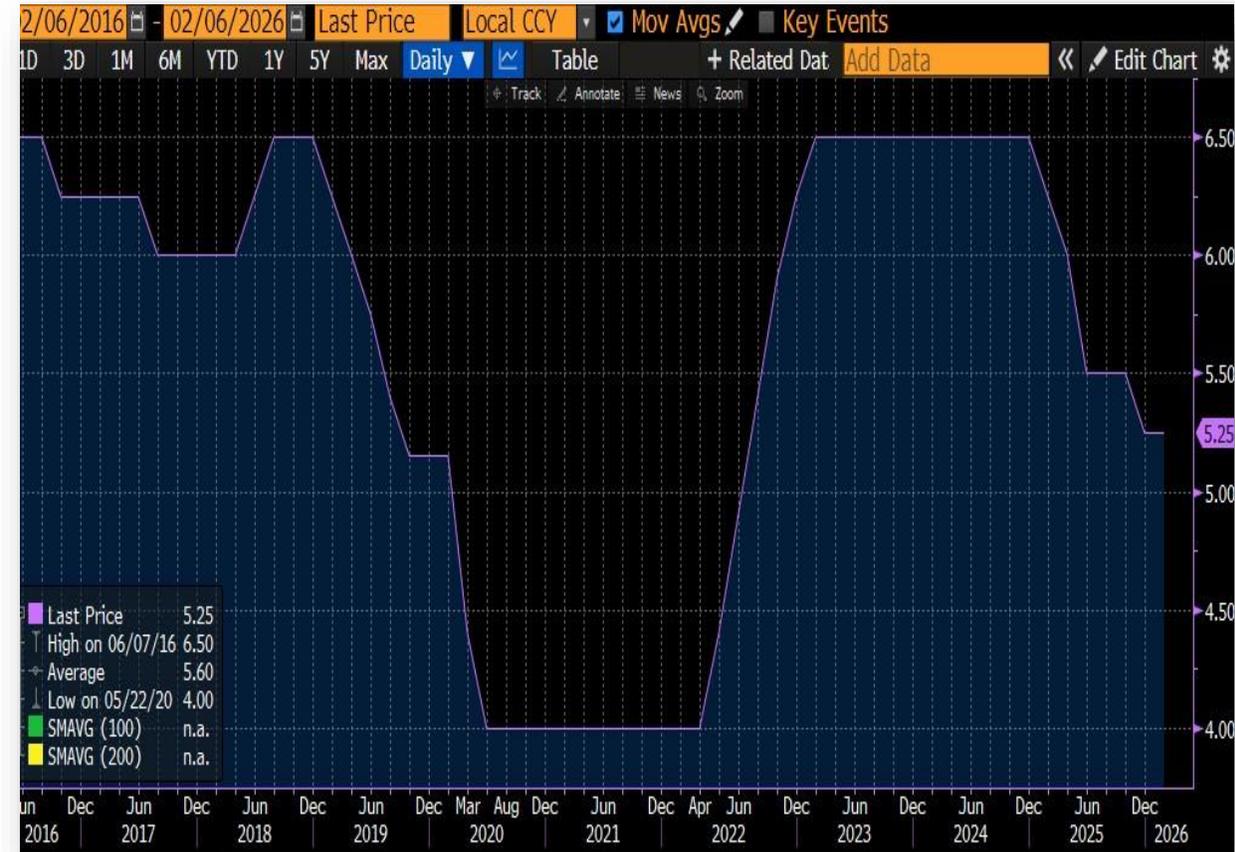
## Liquidity & Transmission

- System liquidity remains in surplus
- RBI reiterates proactive, pre-emptive liquidity management
- Monetary transmission progressing well across loans & deposits

## Market Read-Through

- No explicit guidance on OMOs to manage FY27 borrowing supply
- Bond markets remain cautious on supply dynamics despite macro strength

## Repo Trend



# #2: Key Liquidity Measures Announced (Jan–Feb 2026)

## 90-Day VRR Operations

- ₹25,000 crore VRR announced on Jan 23, 2026, conducted on Jan 30, 2026
- Strong demand: 3.8X bid coverage
- Follow-up 90-day VRR of ₹2 lakh crore conducted on Jan 30, 2026, signalling urgency to infuse liquidity

## USD/INR Buy–Sell Swap

- USD 10 billion swap auction
- 3-year tenor
- Auction scheduled for Feb 04, 2026
- Aimed at durable liquidity and FX market stability

## OMO Purchases (G-Secs)

- Aggregate ₹1,00,000 crore OMO purchases
- Two tranches of ₹50,000 crore each
- Originally scheduled for Feb 05 & Feb 12, 2026
- First tranche preponed to Jan 29, 2026, underscoring proactive liquidity management

## Yield Chart



# #3: RBI Maintains Neutral Stance and Supports Liquidity Boost

## 1. What RBI Did?

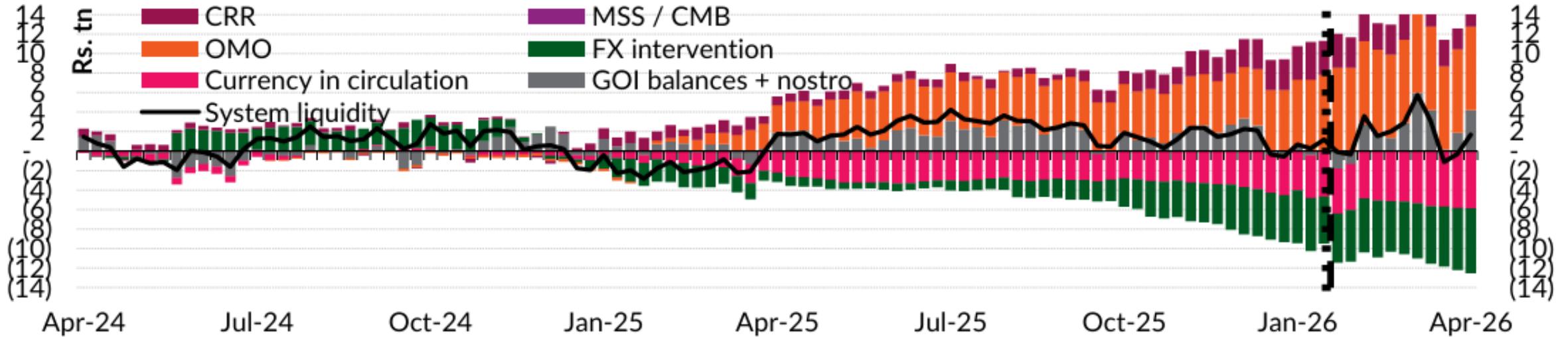
- ▶ Repo rate unchanged at 5.25%
- ▶ Policy stance neutral; decision unanimous
- ▶ Reflects confidence in growth and comfort on inflation trajectory

## 2. What It Signals

- ▶ Cumulative 125 bps easing already delivered
- ▶ Monetary transmission well underway; limited need for further cuts

Net Injection in FY till date	INR Lakh Crore
CRR Cut	2.5
BUY Sell SWAP	2.3
OMO	6.6
VRR	1.6
<b>Total Money Injection</b>	<b>13</b>

# Liquidity & Markets: Where the Caution Lies



Source: RBI; Axis Bank Research

## Liquidity Conditions

- System liquidity remains in surplus
- RBI reiterates proactive liquidity management

## Market Impact

- 10Y GOI yield: ~6.70% (post-policy)
- Short-term rates hardened modestly across the curve

## Market Read-Through

- Limited clarity on OMOs to manage FY27 borrowing supply
- Bond markets react to supply concerns, not macro weakness

# Policy Takeaway: A Constructive Setup for Fixed Income

Instruments	Tenure	Pre Policy	Post Policy	Change
CD AAA	3 Month	6.98	7.05	0.07
CD AAA	1 Year	6.85	6.95	0.1
AAA PSU CORP	3 Year	7.1	7.15	0.05
AAA PSU CORP	5 Year	7.3	7.35	0.05
AAA PSU CORP	10 Year	7.4	7.47	0.07
GOI	5 Year	6.45	6.53	0.08
GOI	10 Year	6.65	6.72	0.07

- Money market instruments are likely to remain under pressure in the near term due to heavy issuance and typical March-quarter liquidity effects
- In this environment, duration strategies in **high-quality corporate bonds in the 3–5 year maturity** segment remain particularly attractive

# Why Bank of India Money Market Fund?

# Short-End Opportunity: 1-Year Maturity Offers relatively better Carry - Past Vs Present

## THIS IS NOT A RATE HIKE SCENARIO



- With the repo rate currently at 5.25% and systemic liquidity expected to remain in surplus, **6-month to 1-year segment offers the most attractive carry and return potential**
- In a neutral policy stance and with liquidity infusion measures already announced, the **1-year segment offers the most favorable risk-to-return profile**

# How the Roll Down Investment Strategy would Benefit the Investors?

An Illustration- Roll Down Investment strategy for Jan, Feb, Mar 2027 maturity CDS

Roll Down Scenario Analysis	Yield-to-Maturity (in %)				
1 Year CD YTM	6.95	6.95	6.95	6.95	6.95
Change in levels (BPS)	-0.35	-0.25	0	0.25	0.35
MD for 1 year Portfolio	0.9	0.9	0.9	0.9	0.9
6m Investment Return	7.27%	7.18%	6.95%	6.73%	6.64%

Note: Above data is for an illustration purpose only. CD – Certificate of Deposit, MD – Macaulay Duration. Please note the above illustration is for explanation purpose and should not be considered as a recommendation.

# How Bank of India Money Market Fund to benefit the Investors?



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



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

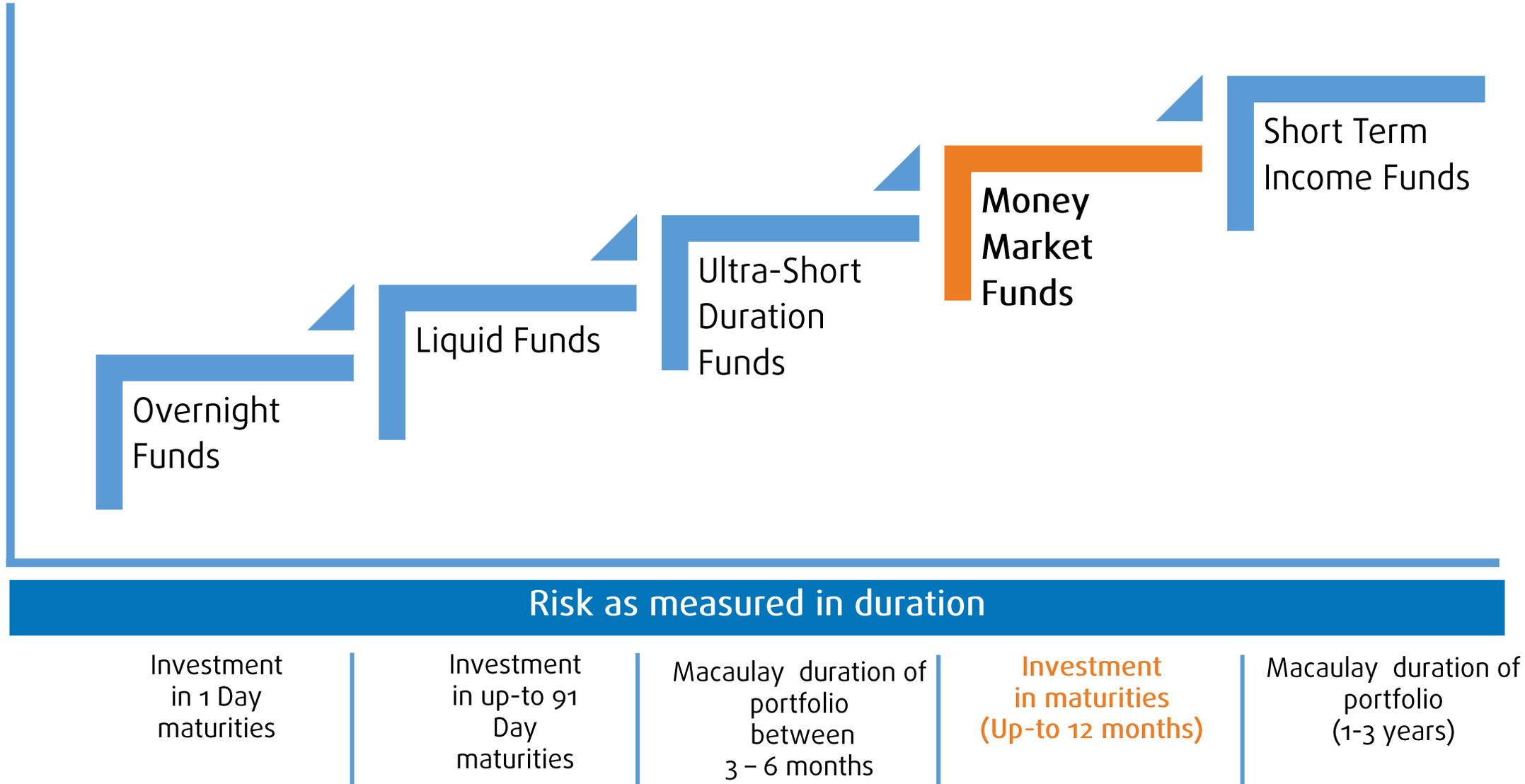


Possible Outperformance in the scenario of rate cuts



Suggested investment horizon up to 1 year

# Fund Positioning



# 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**

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

- Fund would take exposure predominantly in instruments having a maturity of 1 year
- In a neutral policy stance and with CRR cuts already announced, the 1-year segment offers the most favorable risk-to-return profile
- Liquidity may remain surplus to further augment rates at attractive entry points for investors
- 12 Month CD YTM in the range of 6.95-7.05%



# Who can invest in Bank of India Money Market Fund?

Investors seeking low risks and low volatility along with better liquidity can invest in this 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

# Bank of India Money Market Fund

<b>Type</b>	An open-ended debt scheme investing in money market instruments. A relatively low-interest rate risk and moderate credit risk
<b>Investment Objective</b>	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.
<b>Benchmark</b>	First Tier Benchmark: CRISIL Money Market A-1 Index.
<b>Fund Manager</b>	Mr. Mithraem Bharucha
<b>Plan &amp; Options</b>	Plans- Direct Plan and Regular Plan Options under each Plan(s): Growth Income Distribution cum Capital Withdrawal (IDCW) (Reinvestment of IDCW & payout of IDCW)
<b>Exit Load</b>	NIL

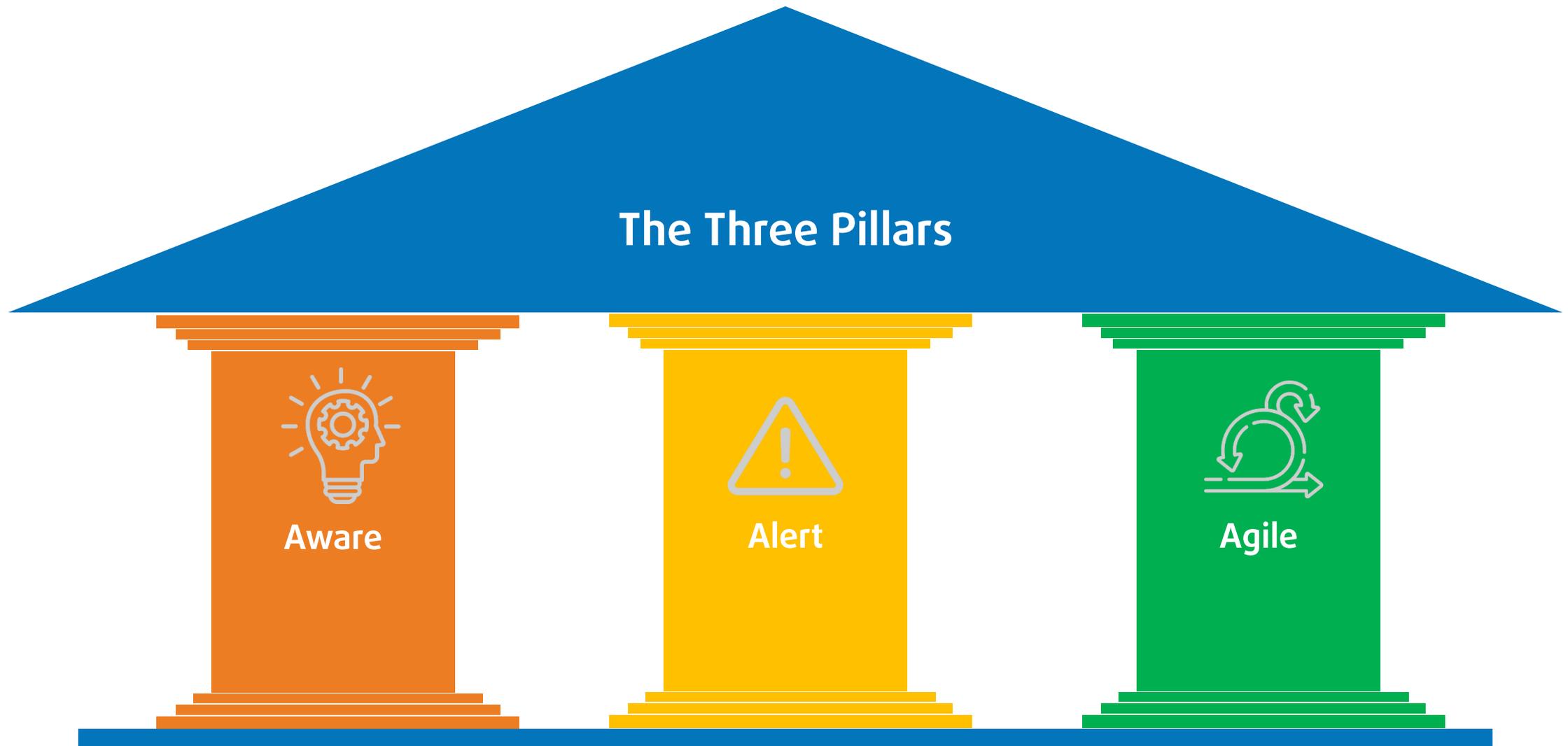
**OUR FIXED  
INCOME  
INVESTMENT  
PHILOSOPHY**

**GUIDED BY RESEARCH,  
DRIVEN BY RESULTS**

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

# Investment Approach – Fixed Income Funds

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



## Qualitative and Quantitative Research



- Qualitative Research Insights
- Quantitative Research Analysis

## Technical and Market Analysis

- Market Trend Analysis
- Trader Insights
- Economic Data Impact



## 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

# Product Label

## 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)

<p><b>This product is suitable for investors who are seeking*:</b></p>	<p>Risk-o-meter is based on the scheme portfolio as on <b>January 31, 2025</b></p>	<p>Benchmark Risk-o-meter as on <b>January 31, 2025^</b></p>
<ul style="list-style-type: none"> <li>Income over short term.</li> <li>Investment in Debt and Money Market Instruments.</li> </ul>	 <p><b>RISKOMETER</b> Investors understand that their principal will be at low to moderate risk</p>	 <p><b>RISKOMETER</b> Benchmark riskometer is at low to moderate risk</p>

\*Investors should consult their financial advisor if they are not clear about the suitability of the product.

As per SEBI Circular dated, June 07, 2021; the potential risk class (PRC) matrix based on interest rate risk and credit risk, is mentioned below :

Potential Risk Class Matrix				
		Credit Risk		
		Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk	Relatively Low (Class I)		<b>B-I</b>	
	Moderate (Class II)			
	Relatively High (Class III)			

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# Thank You