

August 2020 Review

India's consumer prices inflation (CPI) for July 2020 went up to 6.9% YoY as compared to 6.2% YoY in month of June 2020, primarily on account of increase in food as well as core inflation. Food inflation rose to 9.6% YoY in July 2020 from a level of 8.7% YoY in June 2020, led by a sequential increase in vegetable inflation. Core inflation came higher at around 5.9% YoY for July 2020 vs. 5.3% YoY for June 2020. The wholesale price index (WPI) for July 2020 declined by 0.58% YoY as compared to a disinflation of 1.8% YoY in June 2020.

The monetary policy committee kept the repo rate unchanged at 4% amid rising inflationary pressure and a grim economic outlook during the monetary policy review in Aug 2020. The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. On inflation front, the MPC expects headline inflation to remain elevated in Q2 of FY 2020-21, but likely to ease in H2 FY 2020-21, aided by favorable base effects.

India's GDP contracted by a record 23.9% YoY in the first quarter of FY21 (April - June 2020)

as compared to 5.2% YoY growth in Q1FY20. The sharp fall was primarily due to nationwide lockdown imposed during this quarter to control the spread of COVID-19 pandemic.

Federal Reserve Chair Jerome Powell announced a shift in the policy framework to target inflation averaging 2% over a period of time, indicating a tolerance for overshoot of inflation above 2%, whenever it happens, without tightening policy, to compensate for periods of low inflation.

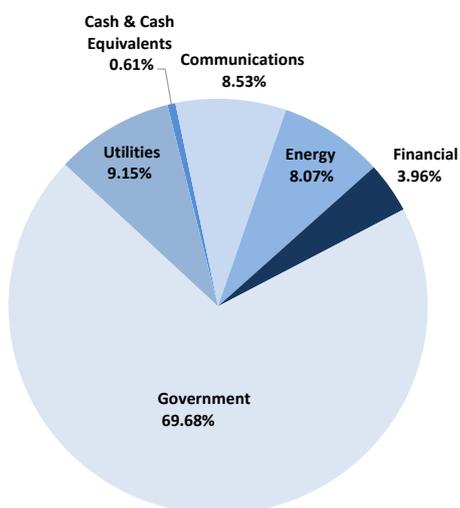
RBI also announced a slew of measures to calm market sentiment that had gotten ruffled with the recently high inflation prints, followed by the hawkish MPC minutes. These measures included additional INR 200 billion of Operation Twist announcements, Term Repo Operations of INR 1 trillion at floating rates along with the option to Banks of reversing the LTRO operations done in March before maturity and an HTM limit hike from 19.5% to 22% of NDTL.

Outlook

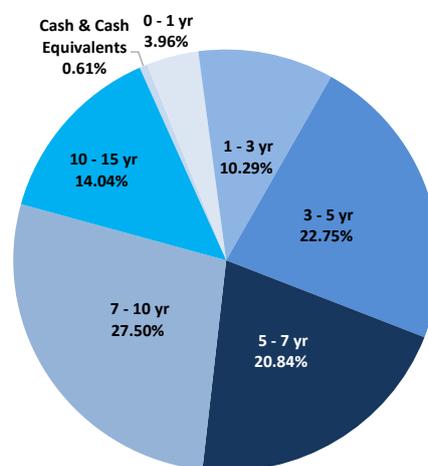
RBI decision to keep the repo rate unchanged at 4% while continuing with accommodative stance of monetary policy as long as it is necessary, indicates the central bank intent to prudently use the available monetary policy space for benefit of economic recovery and revive growth.

RBI has been continuously intervening in the FX markets and has aggressively bought close to 45-50 billion USD since April 2020 to support INR which has led to higher banking system liquidity and steepening yield curve. However in last few weeks, we have seen a sudden strength in the local currency INR on account of muted intervention by the central bank in FX markets, a soft Dollar, strong FPI inflows into local markets and the Federal Reserve's stated goal to keep rates accommodative while pursuing an average inflation target. RBI preference for muted intervention in FX markets would create room for central bank to conduct liquidity infusion operations through tools like OMOs, which in addition to other measures like operation twist is expected to put a lid on the longer term yields as well as flatten the yield curve.

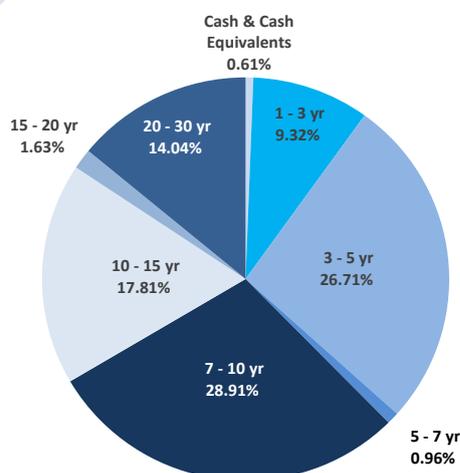
Sector Allocation



Duration Allocation



Maturity Allocation



	USD Institutional	USD RDR	USD Retail
ISIN	IE00B87MVW30	IE00B8HFTC82	IE00B813ZW08
Bloomberg code	BBG003LY2M9	BBG003LY2R4	BBG003LY301
	USD Super Institutional	SGD Retail	EUR Institutional
ISIN	IE00BD3WYC32	IE00BDH6RX35	IE00BDH6RW28
Bloomberg code	BBG00FFBC4K1	BBG00FFBCIF3	BBG00GNSNVH6

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Austria

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Finland

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Germany

The Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Agency for Financial Services Supervision) has been notified pursuant to Sec. 132 Investmentgesetz (Investment Act) of the intention to publicly distribute Shares of the Fund in the Federal Republic of Germany. The legal documents can be obtained in German, free of charge, from the information agent. The Information Agent in Germany is ODDO BHF Aktiengesellschaft, Bockenheimer Landstrasse 10, 60323 Frankfurt am Main.

Guernsey

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India

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Ireland

The Fund is an open-ended investment company with variable capital incorporated with limited liability in Ireland under the Companies Acts, 1963 to 2012 with registration number 516063 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. The Fund is both authorised and supervised by the Central Bank. Authorisation of the Fund by the Central Bank shall not constitute a warranty as to the performance of the Fund and the Central Bank shall not be liable for the performance or default of the Fund. The authorisation of the Fund is not an endorsement or guarantee of the Fund by the Central Bank and the Central Bank is not responsible for the contents of the Prospectus of the Fund.

Republic of Korea

The Company was registered on 10th August, 2018 with registration number 08913 under the Financial Investment Services And Capital Markets Act of Korea as a foreign collective investment scheme. The Company is both authorised and supervised by the Financial Services Commission of Korea. The foreign collective investment securities issued by the Company may be offered and sold to all residents of Korea under the Article 280 of the Financial Investment Services And Capital Markets Act. This is not an investment prospectus prepared in accordance with the Financial Investment Services And Capital Markets Act and prospective investors should refer to Korean investment prospectus in making their investment decisions.

Singapore

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Switzerland

The Company is authorized for public distribution in and from Switzerland by the Swiss Financial Market Supervisory Authority ("FINMA"). Investors from Switzerland should read the Consolidated Prospectus for use solely in Switzerland. The representative and paying agent in Switzerland is RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich, Switzerland (the "Representative"). In Switzerland, the funds prospectus, Key Investor Information Document (KIID), the articles of association, the annual and semi-annual reports may be obtained free of charge from the Representative. In respect of the units distributed in and from Switzerland, the places of performance and jurisdiction is the registered office of the Representative.

United Arab Emirates

The Fund is registered with the Securities and Commodities Authority ("SCA") of UAE as a foreign investment fund. The fund can be offered and marketed by licenced distributor who has individually obtained approval from SCA to distribute this Fund. The information on the list of licenced distributor for this fund will be available from the investment manager of the Fund.

U.K

Any financial promotion contained herein, as defined by UK regulations, has been approved by UTI International Limited (FCA no:183361); a firm authorised and regulated by the Financial Conduct Authority ("FCA") U.K. The Fund mentioned herein has been recognised by the FCA pursuant to section 264 of the FSMA. Facilities Agent is UTI International Limited, 120 New Cavendish Street, London W1W 6XX, United Kingdom. Copies of the legal documents can be obtained in English, free of charge, from the Facilities Agent at 120 New Cavendish Street, London W1W 6XX, United Kingdom. The promotion of the Company in the United Kingdom can be carried out by persons authorized to carry on investment business in the United Kingdom under the FSMA and is not subject to the restrictions on promotion contained in section 238 of the FSMA. The FCA has not approved and takes no responsibility for the contents of the Prospectus or the UK Country Supplement or for any document referred to in them, nor for the financial soundness of the Fund or for the correctness of any statements made or expressed in the Prospectus or the UK Country Supplement or any document referred to in them.

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This advertisement has not been reviewed by the Monetary Authority of Singapore.