

# Capitalmind Liquid Fund

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# Liquid Fund 101

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# What are liquid funds?



## What is a Liquid Fund?

As per SEBI's classification, Liquid Funds are open-ended debt schemes that invest exclusively in debt and money market instruments with residual maturity of up to 91 days. Typical instruments include Treasury Bills (T-Bills), Government Securities (G-Secs), Commercial Paper (CP), Certificates of Deposit (CD), and repos on G-Secs and corporate bonds.

## Reduce risk & penalties

Highly liquid investments with minimal interest rate volatility, supported by stringent credit and duration filters. Withdraw anytime without premature penalty charges\*\*

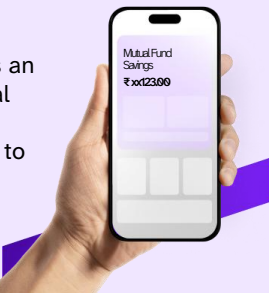
## High Liquidity

Liquid funds are a type of mutual fund that invest in liquid money market instruments.



## Alternative to Traditional Savings Products

They are considered as an alternative to traditional bank savings accounts since liquid funds tend to offer relatively better returns\* without TDS.



## Suitable for Emergency Funds

Liquid funds are also suitable for creating an emergency fund as they offer easy liquidity and quick redemption options.



## Short Maturity

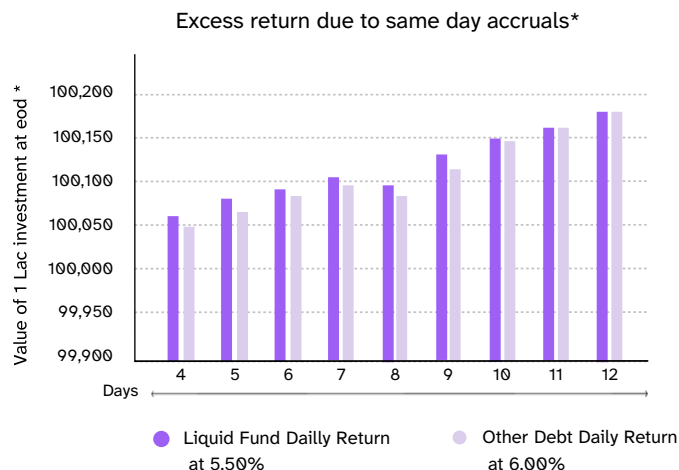
Liquid funds invest in securities that mature within 3 months. It suits investors looking to park money for more than 1 week.



\*Returns from liquid funds vary depending on underlying money market conditions. The returns on the traditional banking products usually are stable over the long period of time.

\*\* No exit load after 7 days

# Among debt funds, liquid funds are some of the most liquid at comparable returns



Liquid Funds are ideal for very short-term needs because investments are made at the previous day's NAV, ensuring **not even a single day's accrual is lost**.

For example, if you invest ₹1,00,000 in a Liquid Fund earning 5.50% and another debt fund yielding 6.00%, the latter will take roughly two weeks to outperform the Liquid Fund. This is because the Liquid Fund starts earning returns immediately, while other debt funds begin accrual only from the next day.

Hence, for holding periods of up to about 14 days, Liquid Funds offer better efficiency, safety, and instant liquidity despite offering lower annual yields.

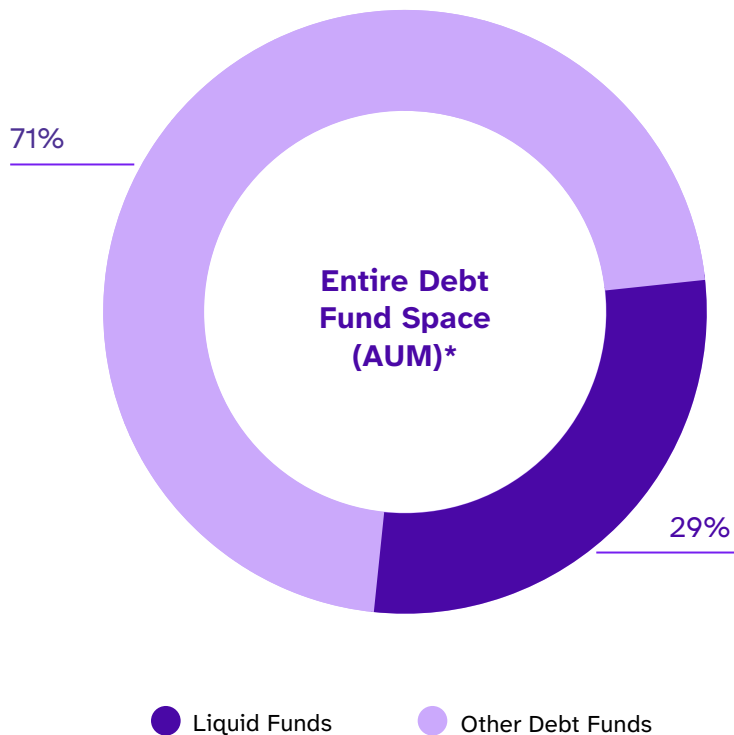
For parking funds up to 2–4 weeks, a Liquid Fund is the most efficient choice.

Feature	Liquid	Money Market / Ultra Short	Corporate Bond / Banking & PSU	Credit Risk
Residual Maturity	≤91 days	1–12 months	1 year+	1 year+ (often lower-rated)
Interest Rate Risk	Very Low	Low	Moderate	Higher potential risk
Credit Stance	A1+ money-market, AAA for bonds	High-quality mix	Predominantly AAA	Broader credit exposure
Use Case	7 days – 6 Months	1–12 months	>1 year horizon	>1 year horizon

\*Returns mentioned, is for illustrative purposes only and should not be construed as a forecast or promise of returns.

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

## These funds constitute almost a third of all debt funds combined by assets under management



Despite the recent taxation changes that removed indexation benefits for debt mutual funds, **Liquid funds continues to dominate the debt fund category**, holding nearly 30% of the category's total AUM.

With an estimated ₹5.5 lac crore in assets, Liquid funds remain a preferred choice for both institutional and retail investors due to their liquidity, diversification, and regulatory transparency, reaffirming their crucial role in short-term and fixed-income allocation strategies.

## 9 ways Liquid Funds can help you

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## 9 ways liquid funds could help you



1

### Emergency Fund or Contingency Reserve

Ravi keeps ₹50,000 in a liquid fund for emergencies like medical bills or sudden travel. He earns more than he would in a savings account and can withdraw the money quickly when needed.



2

### Temporary Parking with STP option (Systematic Transfer Plan)

Neha has ₹5 lakhs to invest but is worried about market ups and downs. She parks it in a liquid fund and sets up an STP to transfer ₹25,000 every month into an equity fund.



3

### Protecting Achieved Goals

Amit saved ₹10 lakhs for his child's college fees. He moves the money from equity funds to a liquid fund to protect it from market risks until admission time.



For illustration purposes only; does not represent actual investor experience.

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4

## Tax efficiency

In a Liquid Fund, the returns or accruals are not taxed on an annual basis. This is different from a Fixed Deposit, where the interest earned each year is taxable and banks deduct TDS on the interest income.



For illustration purposes only; does not represent actual investor experience.

5

## Managing Large Short-term Surpluses

A company receives ₹20 crores from a client but needs to pay vendors in 2 months. They park the money in a liquid fund to earn returns in the meantime.



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## Alternative to Short-Term Fixed Deposits

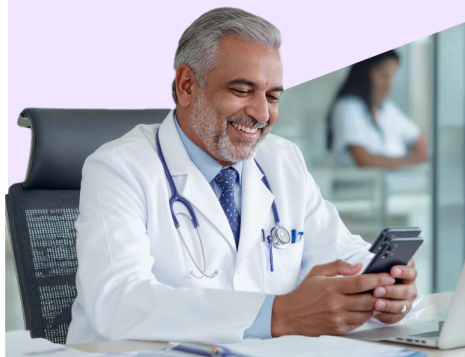
Priya wants to invest ₹25 lakh for 3 months. Instead of a fixed deposit, she chooses a liquid fund for better returns.



7

### Cash Flow Management for Corporates & Professionals

Dr. Mehta keeps ₹5 lakhs in a liquid fund to pay clinic staff salaries and buy medicines. He earns returns until the money is used.



For illustration purposes only; does not represent actual investor experience.

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### Cash Buffer for Market Opportunities

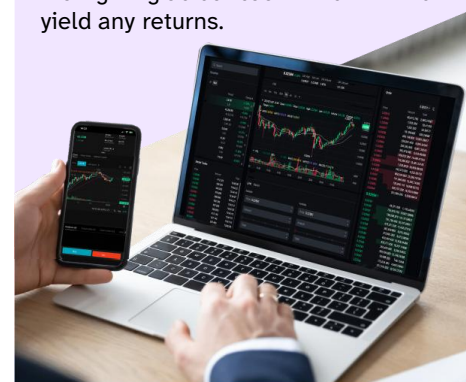
Suresh is waiting to buy a property. He parks ₹20 lakhs in a liquid fund, so it earns returns while he waits for the legal due diligence is completed.



9

### Margin Placement at Stock Exchanges

This means investors can pledge their units of liquid funds with brokers or clearing members to meet margin requirements. Treatment from margin perspective is just like cash. Whereas Liquid Fund will earn returns rather than giving actual cash which will not yield any returns.



# General benefits of Liquid Funds

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Liquid funds are stringently regulated by SEBI to protect high liquidity at the lowest volatility



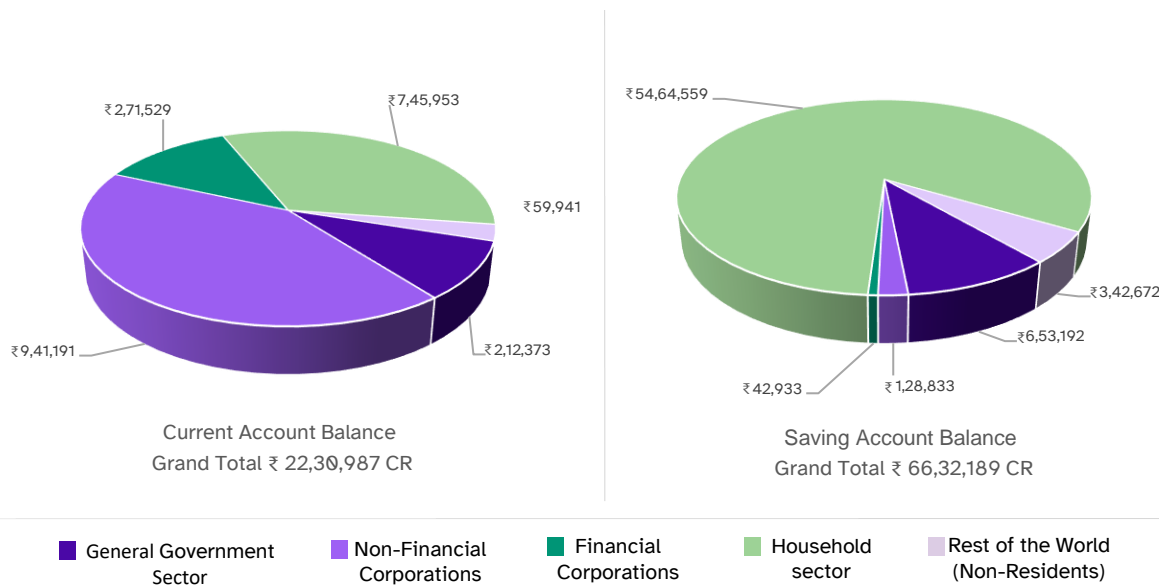
### Key Regulatory Guardrails

- Liquid funds have enhanced SEBI norms for liquidity and redemption risk management.
- No exit load on redemptions after 7 days
- Liquid funds maintain 20% in liquid assets vs. 10% for other debt schemes
- Higher frequency of stress testing mandated by SEBI vis a vis other funds
- Get interest for the day that you invest also; not possible in any other scheme\* type

# More than ₹1.6 lac crore could be earned additionally even if only half of CASA balances were invested in liquid funds



## Ownership of Deposits with Scheduled Commercial Banks - June 2025



- Where 50% of all Current account balances are invested in liquid funds yielding ~5.5%, the potential incremental annual return is **~₹61,000 crore.**
- Similarly potential return from investing 50% of all savings account balance at ~3% incremental to savings account returns would yield an annual return of **~₹99,500 crore** on incremental basis.
- This highlights the **significant opportunity cost of idle low-yield deposits** and the potential uplift in returns from more efficient management of surplus liquidity.

\*Source - RBI DBIE

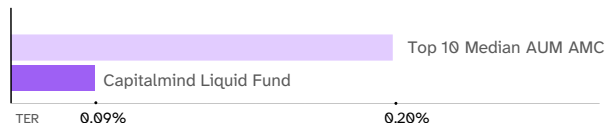
# The Capitalmind Liquid Fund edge

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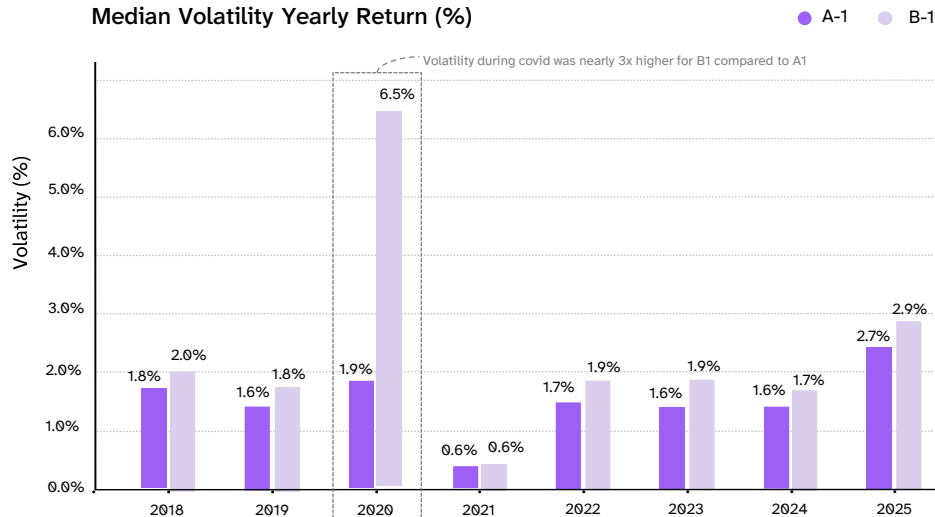
# Capitalmind Liquid Fund is TER competitive & its A1 strategy helps the scheme achieve its core objectives of capital preservation & low volatility



Expense Ratio – Against Peers



Median Volatility Yearly Return (%)



Source – AMFI

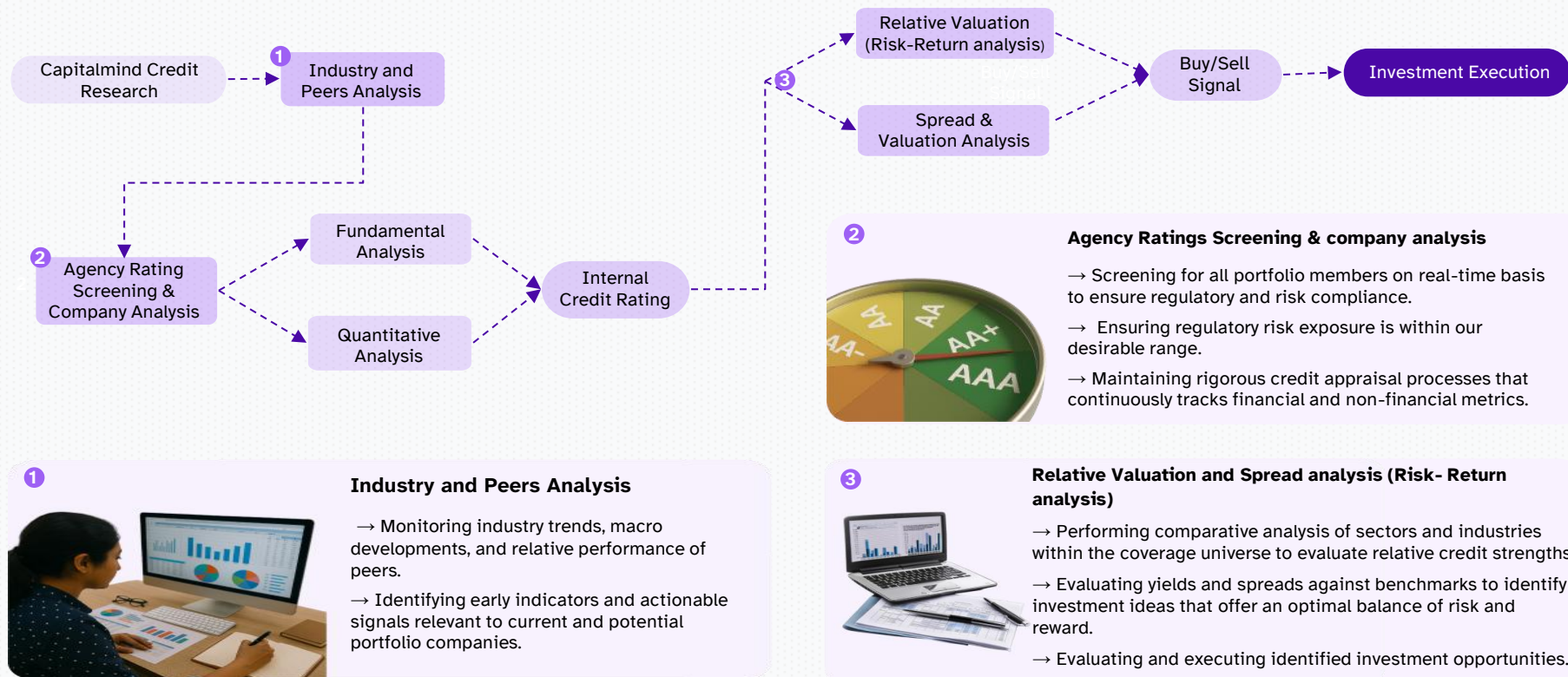
Within the Liquid Fund category, the industry is broadly divided between Potential Risk Class (PRC) A1 and PRC B1 classifications.

The key distinction lies in the credit quality requirements. A fund manager operating in the PRC A1 category must maintain at least 60% exposure to long term AAA rated issuers, **ensuring a higher credit quality portfolio**. In contrast, PRC B1 schemes have far more flexibility. Theoretically, their exposure to AAA rated issuers could go as low as 0–10%, allowing them to take on additional credit risk in pursuit of slightly higher yields.

Historically, PRC A1 funds have underperformed PRC B1 funds by about 5–10 basis points, but **we believe that the incremental credit risk taken by B1 funds does not justify this marginal extra return**.

We therefore position our fund firmly within the PRC A1 category, focusing on the core objective of capital preservation, high liquidity, and lower volatility, which align better with the true purpose of a Liquid Fund.

# The scheme also follows a rigorous research process to guide its investment decisions





# Capitalmind Liquid Fund scheme details

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# Capitalmind Liquid Fund: Key Facts



## Investment Objective

To generate regular Income over the short-term investment horizon by investment in debt and money market instruments with maturity upto 91 days. The Scheme does not guarantee or assure any returns. There is no assurance that the investment objective of the Scheme will be achieved.



## Plan & Options

Regular & Direct | Growth Option



## Minimum Amount

**Minimum application amount (lumpsum):** Rs. 5,000/- and in multiples of Re. 1/- thereafter.

**Minimum Amount for switch-in to the Scheme:** Rs. 1,000/- and in multiples of Re. 1/- thereafter.

**Minimum Amount for Systematic Investment Plan (SIP):** Rs. 1,000/- and in multiples of Rs. 1/- thereafter.



## Exit Load

Redemption Day (from date of allotment)	Exit Load (% of redemption amount)
Day 1	0.0070%
Day 2	0.0065%
Day 3	0.0060%
Day 4	0.0055%
Day 5	0.0050%
Day 6	0.0045%
Day 7 onwards	Nil



## Type of Scheme

An Open-Ended Liquid scheme. A Relatively low-interest rate risk and Relatively Low credit risk.



## Benchmark

Tier I Benchmark - **Nifty Liquid Index A-I (TRI)**, Tier II Benchmark – Not Applicable



## Facilities Offered

SIP / SWP / STP



## Fund Manager

Mr. Prateek Jain



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CapitalmindHQ

# The Capitalmind journey

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Capitalmind Financial Services Private Limited, the sponsor, has a decade of asset management, investment research & thought leadership experience



Founded in  
**2014**



**4,900+**  
Crores in Assets (PMS)<sup>1</sup>



Research (**10+ yrs**)  
PMS (**7+ yrs**)



**5000+**  
articles on investing



**500,000+**  
podcast downloads

Citations: <sup>1</sup>SEBI Portfolio Manager Monthly Report (As of June 2025)

Left to Right - Image 1: Mint -31, Oct 2024, "India will be festive for years to come" | Image 2: ET Now | Image 3: Capitalmind YouTube Channel



**Deepak Shenoy**

CEO, Capitalmind Asset Management Pvt Ltd

“Sometimes winning means having a safety net. For the emergencies. For the idle cash balances you don't use now but could need it quickly. Sometimes winning at life means having something that isn't too much risk, while the rest of your money is in riskier markets. That feeling of safety is part of what makes you win at life.”

# Win at Life

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~~Not yet.~~  
Why not?

# Win at Life



~~Not yet.~~  
Why not?

**Win at Life**

## Our leadership team

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# Leadership at Capitalmind Mutual Fund



**Deepak Shenoy**

**CEO**

Capitalmind Asset Management Pvt. Ltd.



**Anoop Vijaykumar**

**Fund Manager, Head of Equity**

Capitalmind Asset Management Pvt. Ltd.



**Prateek Jain**

**Fund Manager, Head of Fixed Income**

Capitalmind Asset Management Pvt. Ltd.



**Kapil Baraskar**

Head of Information Security



**Naganandan R M**

Head of Compliance



**Ravi Upadrasta**

Head of Strategic Projects



**Nihit Kshatriya**

Head of Investor Relations



**Priyanka Sharma**

Head of Administration



**Prashant Jain**

Head of Finance



**Shivam Bose**

Head of Risk



**Thippesha B S**

Head of Human Resources



**Varun Mishra**

Head of Operations



**Zayan Shukoor**

Head of Technology



**Omkar Sen**

Head of Marketing

# Disclaimers

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## Product Labelling:

### Capitalmind Liquid Fund

An open-ended Liquid scheme. A relatively low-interest rate risk and relatively low credit risk fund.

This product is suitable for investors who are seeking\*-

1. Regular Income over the short-term investment horizon
2. Investment in debt and money market instruments with maturity upto 91 days

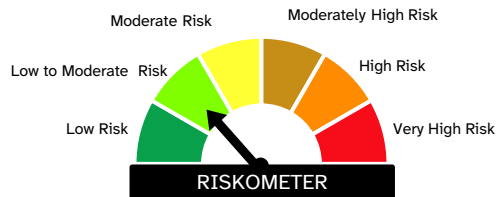
\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

### Potential Risk Class ("PRC") Matrix of the Scheme

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High (Class III)			

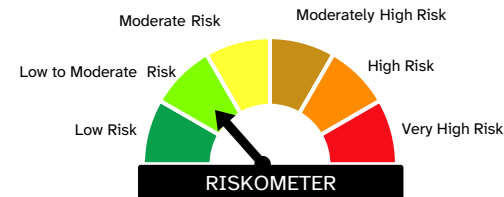
A-I – A Scheme with Relatively Low-Interest Rate Risk and Relatively Low Credit Risk

### Scheme Riskometer



**The Risk of the Scheme is Low to Moderate**

### Benchmark (Tier I: Nifty Liquid Index A-I TRI) Riskometer



**Benchmark Riskometer is Low to Moderate**

Note: Please visit the website for latest Riskometer updates: [capitalmindmf.com](https://capitalmindmf.com)

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