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## **Liquid Funds & Ultra Short-Term Funds**

### **1. Liquid Funds**

Liquid funds invest in very short-term money market instruments such as treasury bills, commercial papers, and certificates of deposit, typically with maturities of up to **91 days**.

They are designed for **parking surplus funds for a few days to a few months**, offering **quick liquidity** (redemption within one working day) and relatively **low risk** compared to other debt categories.

### **2. Ultra Short-Term Funds**

Ultra short-term funds invest in slightly longer-duration debt instruments, generally with an average maturity of **3 to 6 months**.

They offer a **balance between liquidity and returns**, making them suitable for investors who can stay invested for **3–6 months** and seek **slightly better yields** than liquid funds while keeping risk moderate.

### **Comparison: Liquid Fund vs. Ultra Short-Term Fund:**

<b>Feature</b>	<b>Liquid Fund</b>	<b>Ultra Short-Term Fund</b>
<b>Average Duration</b>	Up to 91 days	3–6 months
<b>Purpose</b>	Parking short-term surplus; emergency fund	Short-term investment; treasury management
<b>Liquidity</b>	Redeemable within 1 business day	Redeemable within 1–2 business days
<b>Return Potential</b>	Lower, stable	Slightly higher
<b>Risk Profile</b>	Very Low	Low to Moderate
<b>Ideal Holding Period</b>	Few days to 3 months	3 to 6 months
<b>Typical Investors</b>	Those seeking safety and easy access	Those willing to take minimal risk for better yield



**Top 3 Liquid Funds:**

Fund Name	Returns	
	1 Year	3 Year
Axis Liquid Fund	6.86%	7.04%
Aditya Birla Sun Life Liquid Fund	6.81%	7.02%
Nippon India Liquid Fund	6.79%	6.97%
<b>NIFTY Liquid Index A-I</b>	<b>6.82%</b>	<b>7.08%</b>

Returns as on 30<sup>th</sup> September, 2025.**Top 3 Ultra Short-Term Funds:**

Fund Name	Returns	
	1 Year	3 Year
Aditya Birla Sun Life Savings Fund	7.83%	7.48%
ICICI Prudential Ultra Short Term Fund	7.37%	7.17%
Nippon India Ultra Short Duration Fund	7.09%	6.92%
<b>CRISIL Ultra Short Duration Debt A-I Index</b>	<b>7.22%</b>	<b>7.38%</b>

Returns as on 30<sup>th</sup> September, 2025.**MFD Details:**

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Regards,  
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\* Mutual funds are subject to market risks. Please read all scheme-related documents carefully before investing. Past performance does not indicate future results. Investments are subject to market fluctuations, and there is no assurance of returns.

