

Take it easy through  
market ups and downs

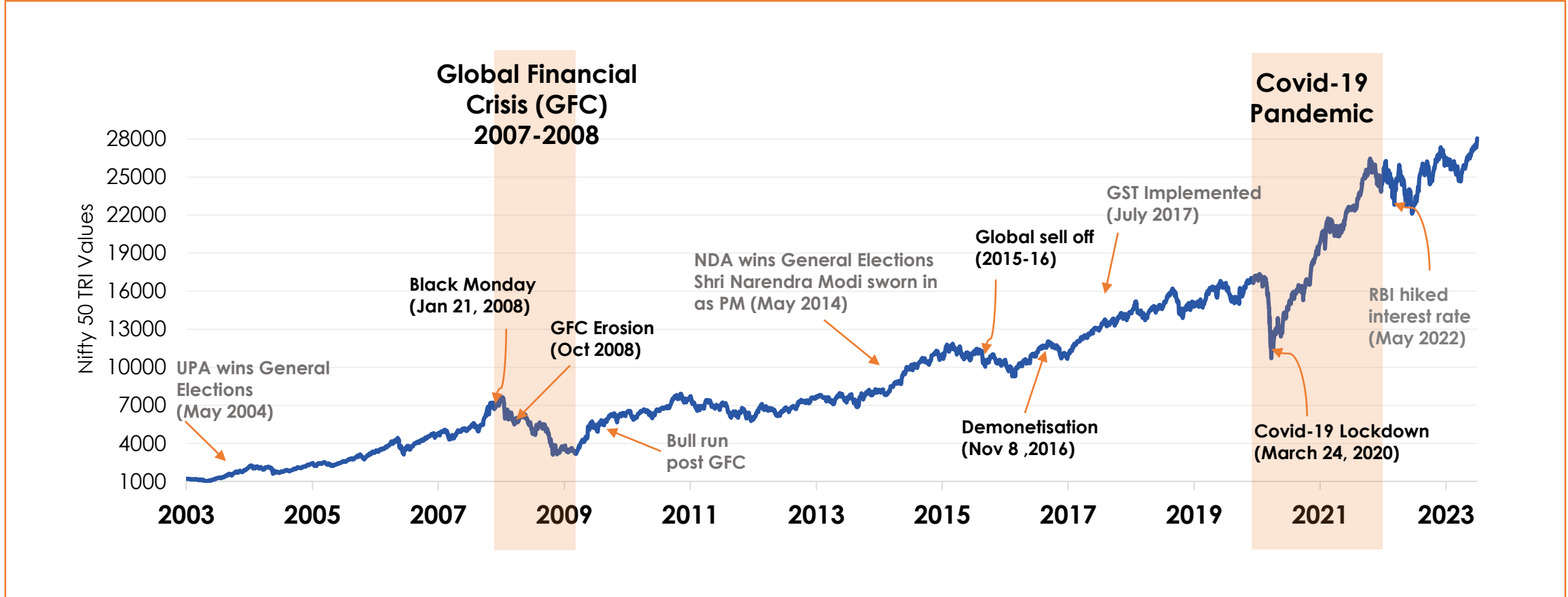
## UTI Balanced Advantage Fund



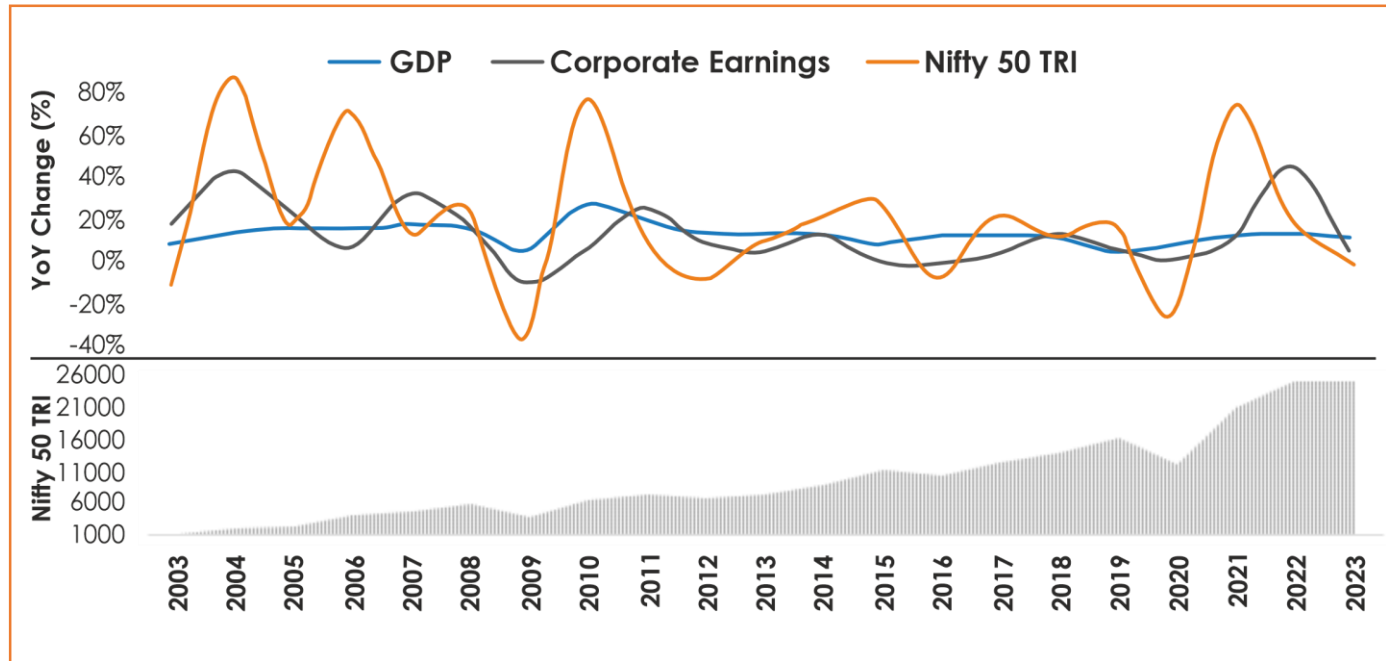
**NFO Opens July 21, 2023**

**NFO Closes August 04, 2023**

Stock market has delivered returns of 17% CAGR over last 20 years



## Annual Volatility in the GDP, Earnings & Index



## Returns & Volatility over 20 years (p.a.)

	GDP	Corporate Earnings	Nifty 50 TRI
Return	12.7%	11.5%	17.0%
Volatility	4.7%	14.0%	31.7%

**Investors find participation in the wealth creation journey of equity difficult because of the challenge posed by volatility**

# Why Valuations Matter?

Nifty 50 PE Ratio	Cumulative Monthly Equity MF Net Flows* (INR Cr)	Average Forward Returns of Nifty 50 TRI (CAGR)		
		1 Year	2 Years	3 Years
PE < 20	15,974	<b>28.2%</b>	<b>20.1%</b>	<b>15.6%</b>
PE > 20	<b>10,69,404</b>	6.6%	9.2%	10.0%

**Investors behavior appears to be driven more by emotions than valuations**

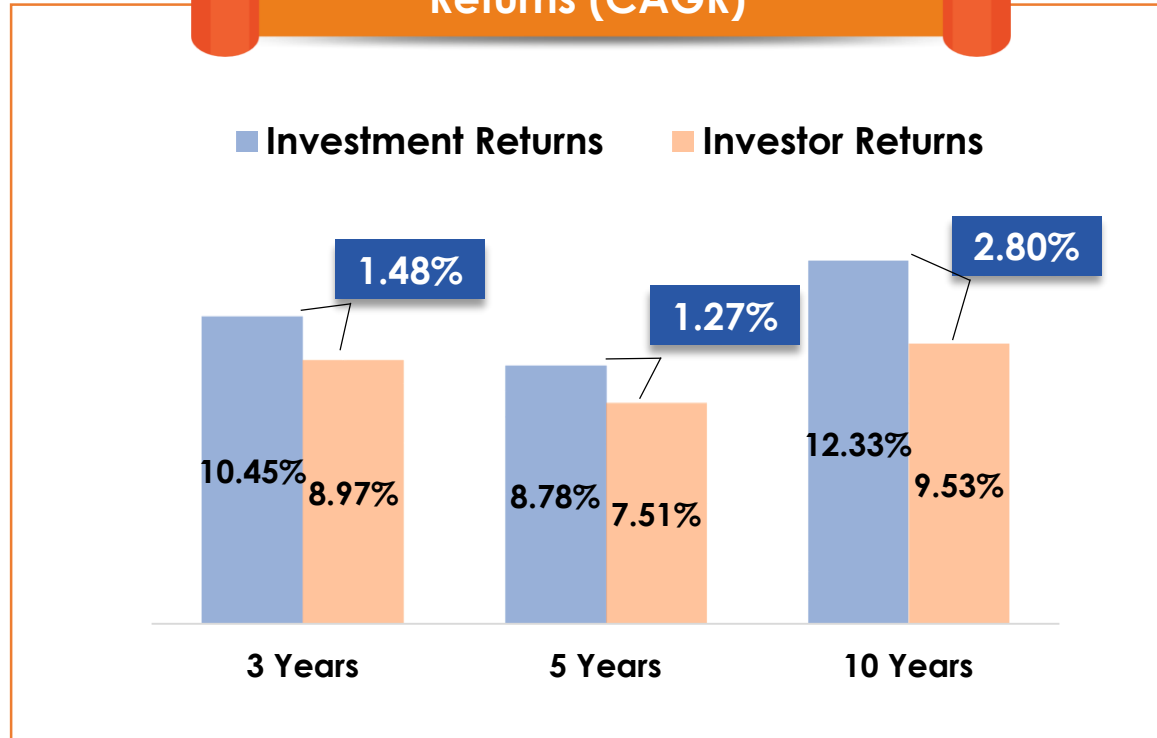
**Data Period: FY2008-FY2023**

Source: AMFI, UTI Research. Reference – Trailing 12M Nifty 50 PE for the respective month end, Forward 1-year, 2-years & 3-years returns of Nifty 50 TRI for each month end. Cumulative monthly net flows for each FY for equity, equity-oriented hybrid categories and solution-oriented schemes taken in account. From FY 2022, index fund flows

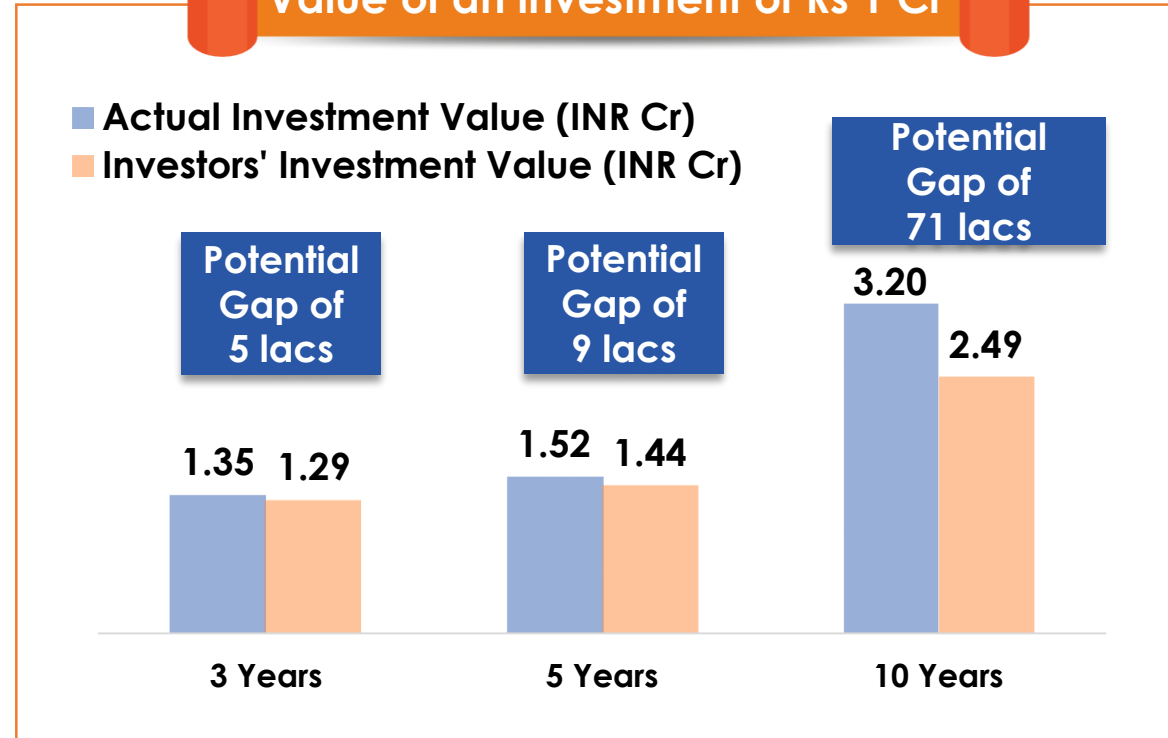
4 have been excluded, considering significant flows in fixed income index funds in this category. **Past performance may or may not sustain in future.**

# Volatility & Emotional Responses result in the Behavior Gap

## Returns (CAGR)



## Value of an investment of Rs 1 Cr



**Compromising the investors experience**

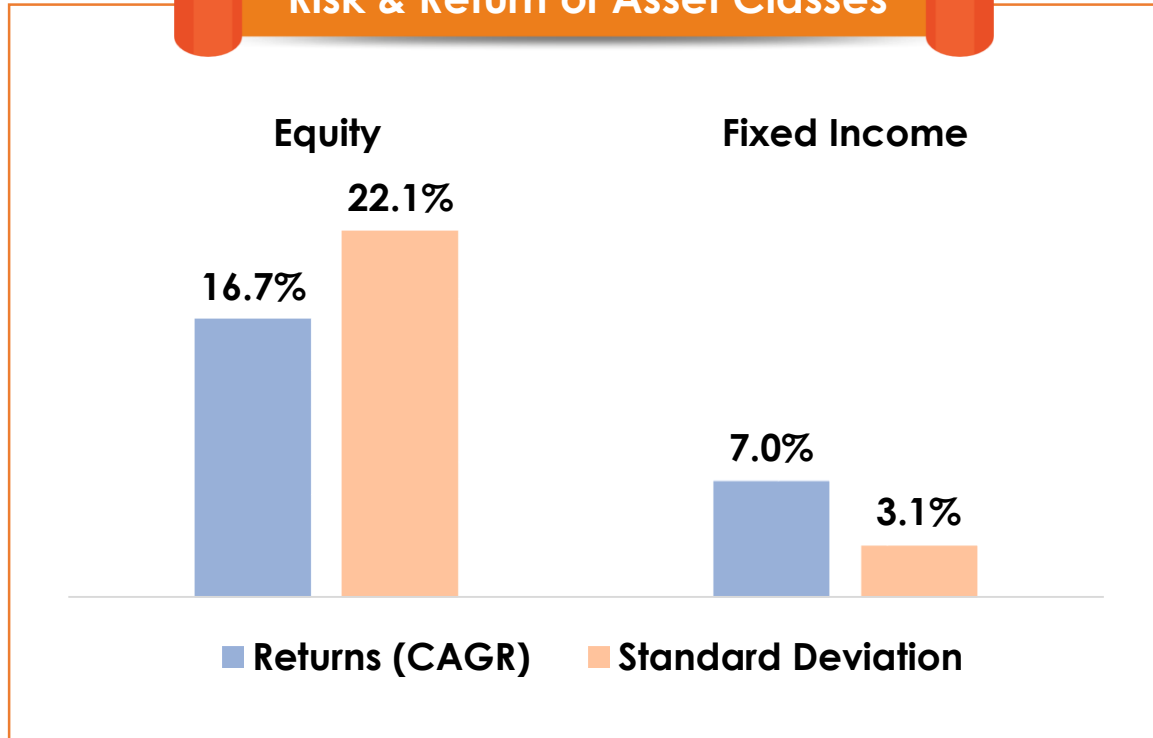
Source: Morningstar – Mind the Gap Study – Nov 2022. The study considered asset weighted returns across India Mutual Fund categories for the data as of Jun 2022.



Let's look at another aspect of  
Wealth Creation Journey:

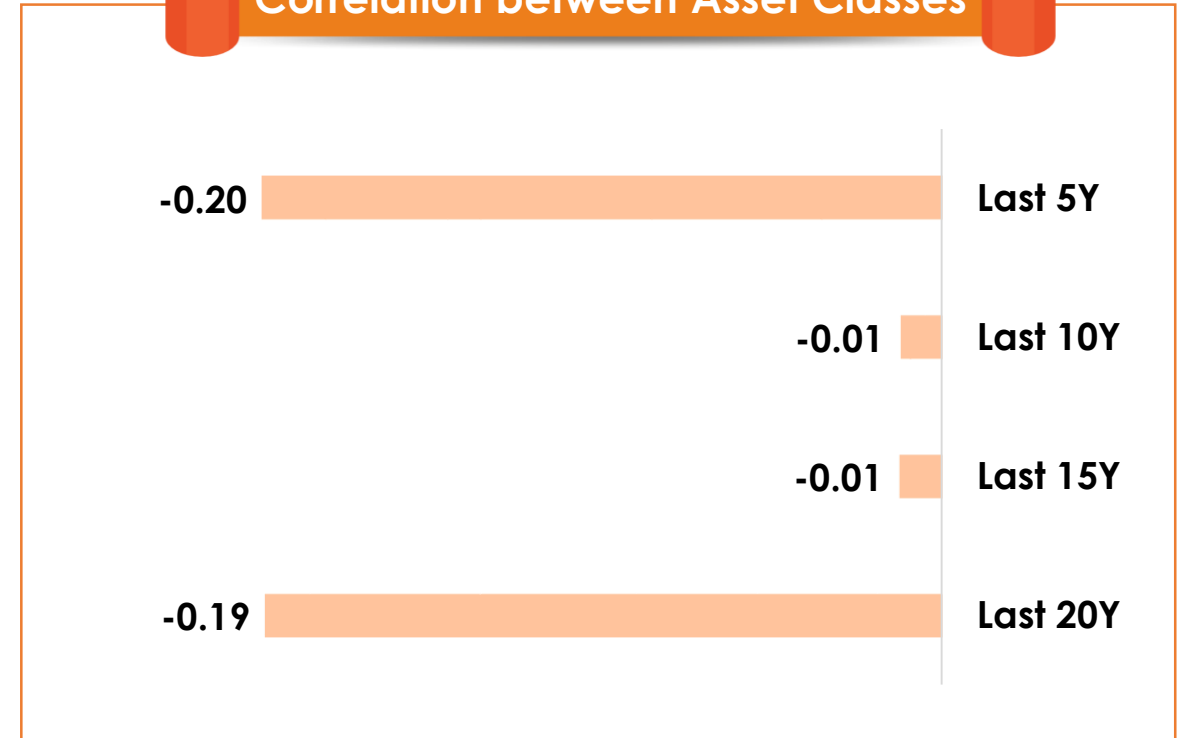
## Asset Allocation

## Risk & Return of Asset Classes



**Higher returns** of Equity asset class are **coupled with higher volatility** vis-à-vis Fixed Income

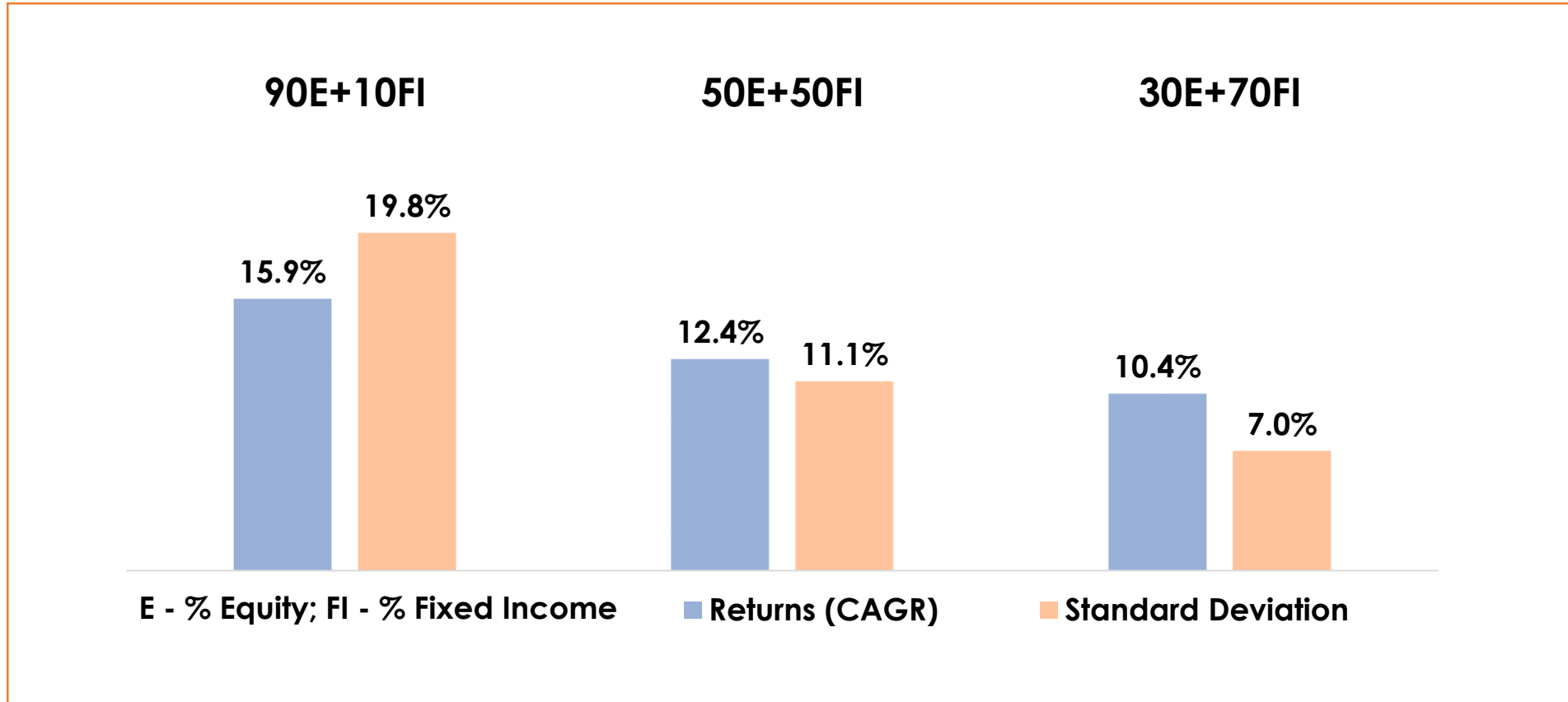
## Correlation between Asset Classes



**Low negative correlation** between equity & fixed income creates **a strong case for diversification** across these asset classes to **reduce portfolio risk**

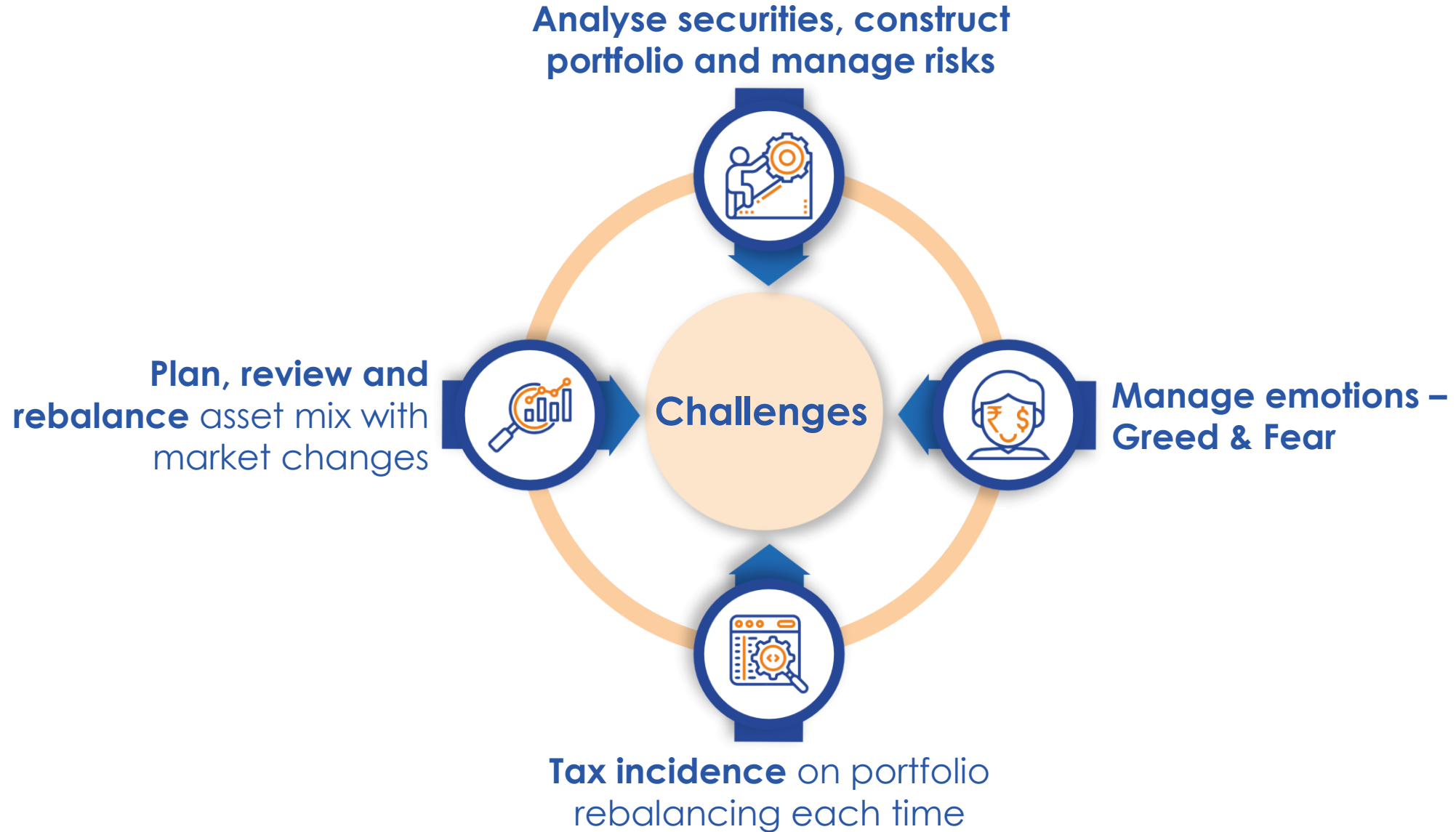
Source: MFIE, UTI Research. **Data Period: Jun 2003 to Jun 2023.** Reference: Equity – Nifty 50 TRI, Fixed Income – Nifty Composite Debt Index.

Standard Deviation based on daily rolling returns for the period. For correlation, daily 1-year rolling returns of the indices considered. **Past performance may or may not sustain in future.**



**Asset allocation is important in navigating market volatility**





Consider investing in a strategy which is



Professionally managed



Disciplined approach



Factor driven model-based asset allocation strategy



Dynamic portfolio rebalancing



Eliminate behavioral biases



Tax efficient returns

Presenting

# UTI BALANCED ADVANTAGE FUND

(An open-ended dynamic asset allocation fund)

**NFO Opens July 21, 2023**

**NFO Closes August 04, 2023**



**Mix of Equity  
& Fixed  
Income**

**DIVERSIFICATION**



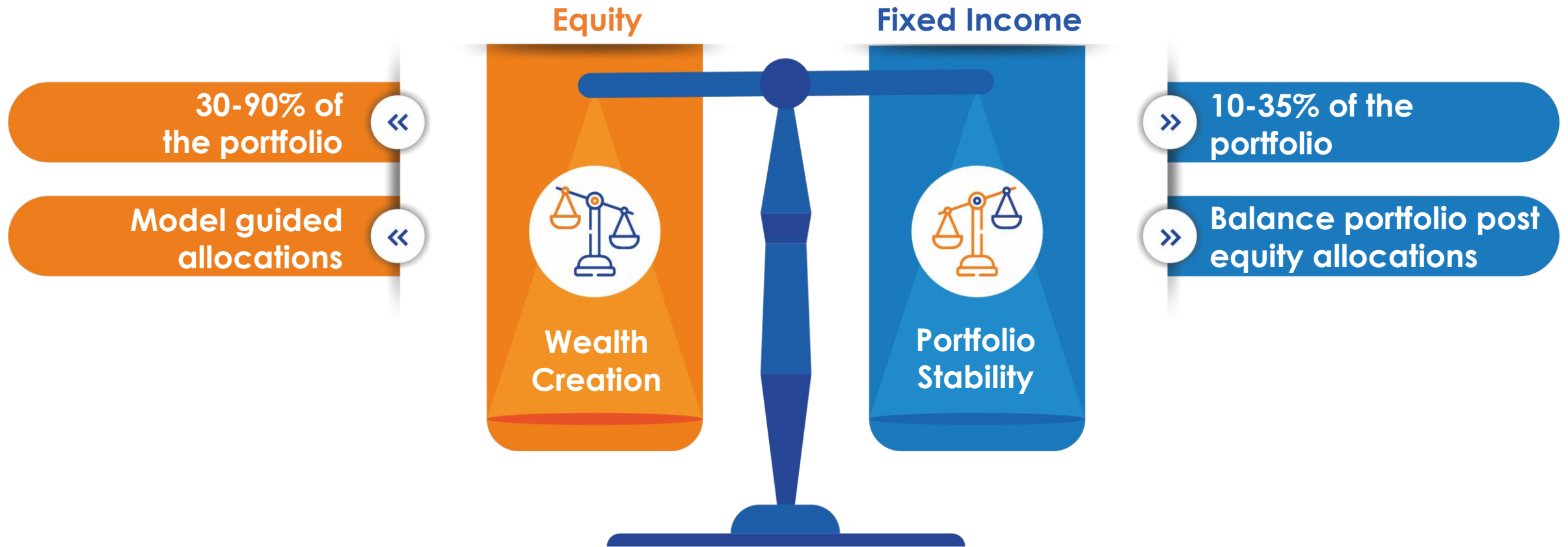
**Dynamic  
rebalancing  
of the  
Portfolio**

**DYNAMIC**



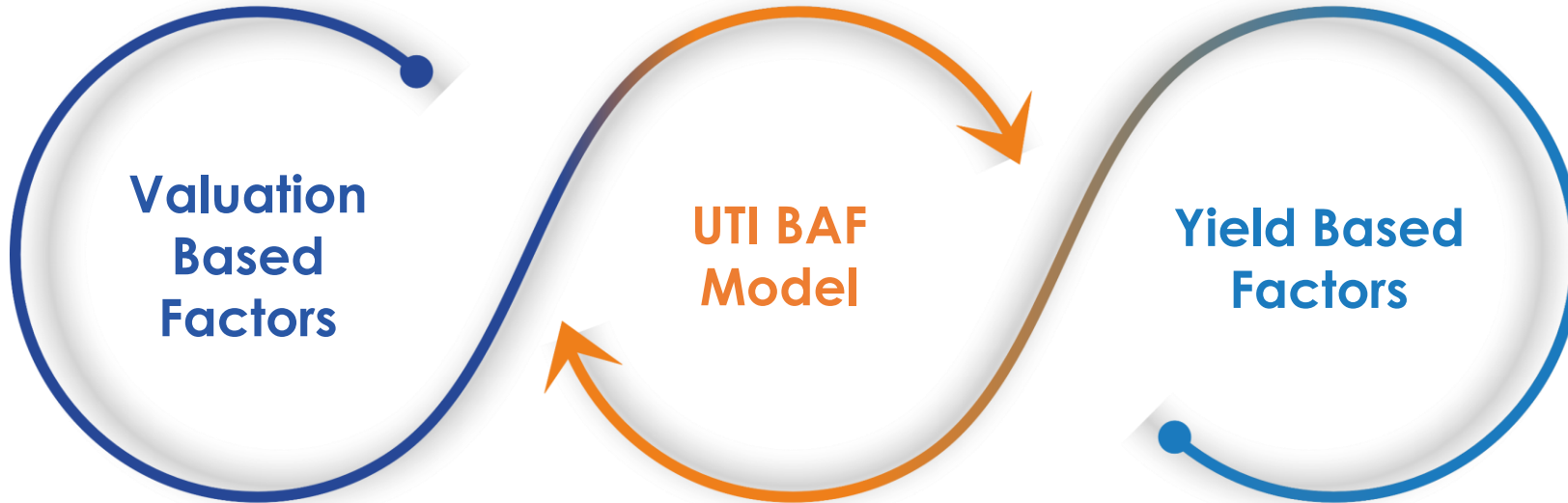
**Model  
guided  
approach**

**DISCIPLINE**



## Managing optimal asset allocation

Note: The asset allocation in the scheme shall be managed dynamically as per stated Investment objective, investment strategy, asset allocation in Scheme Information Document (SID), with an endeavor to maintain **at least 65% of the total portfolio of the fund in domestic equity & equity related instruments** (based on annual average of the monthly averages of opening and closing figures) to attract equity taxation benefits as per prevailing tax laws. **The fund will take exposure to derivatives/ arbitrage to manage gross equity exposures at 65% of total portfolio.**



- 1Y Forward Price to Earnings (PE) Ratio
- TTM Price to Book Value (PB) Ratio

**Rationale:**

**Negative correlation with 1-year forward returns**

- TTM Dividend Yield
- Yield Gap\*

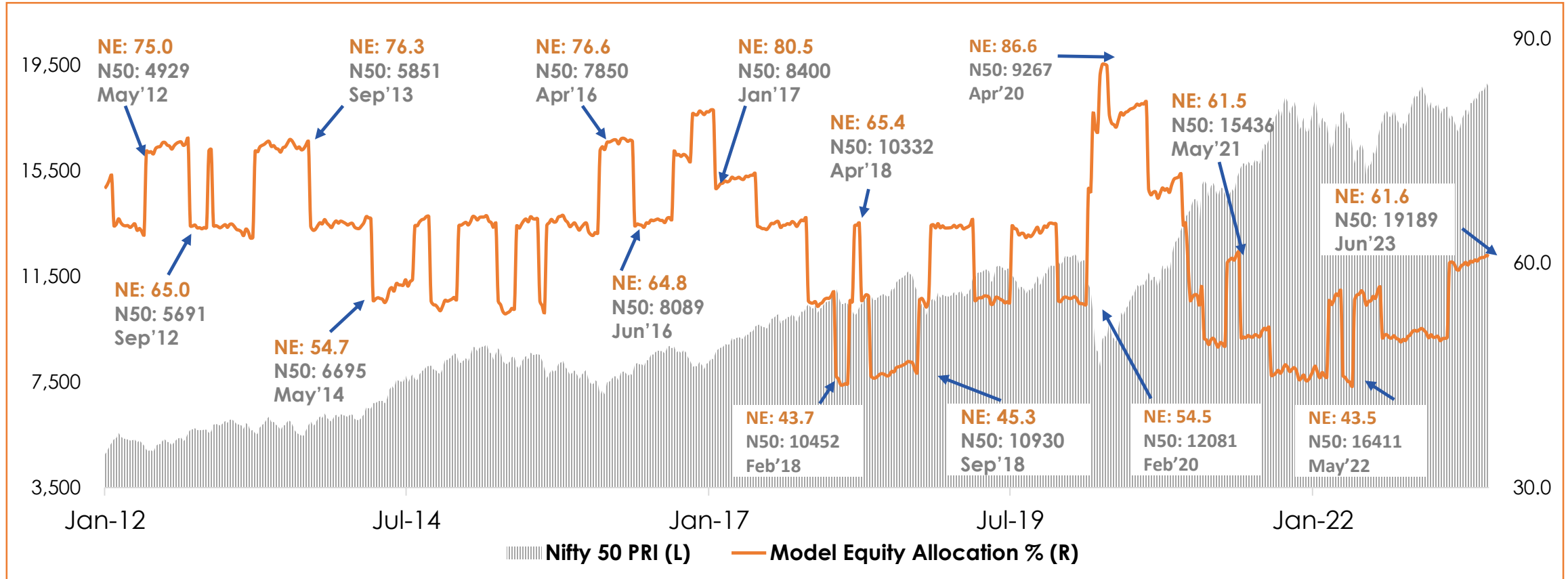
**Rationale:**

**Positive correlation with 1-year forward returns**

TTM – Trailing 12 months

\*Yield gap is difference of Equity Yield (1/1 year Forward Nifty 50 P/E Ratio) and Bond Yield (10-year GSEC Yield)

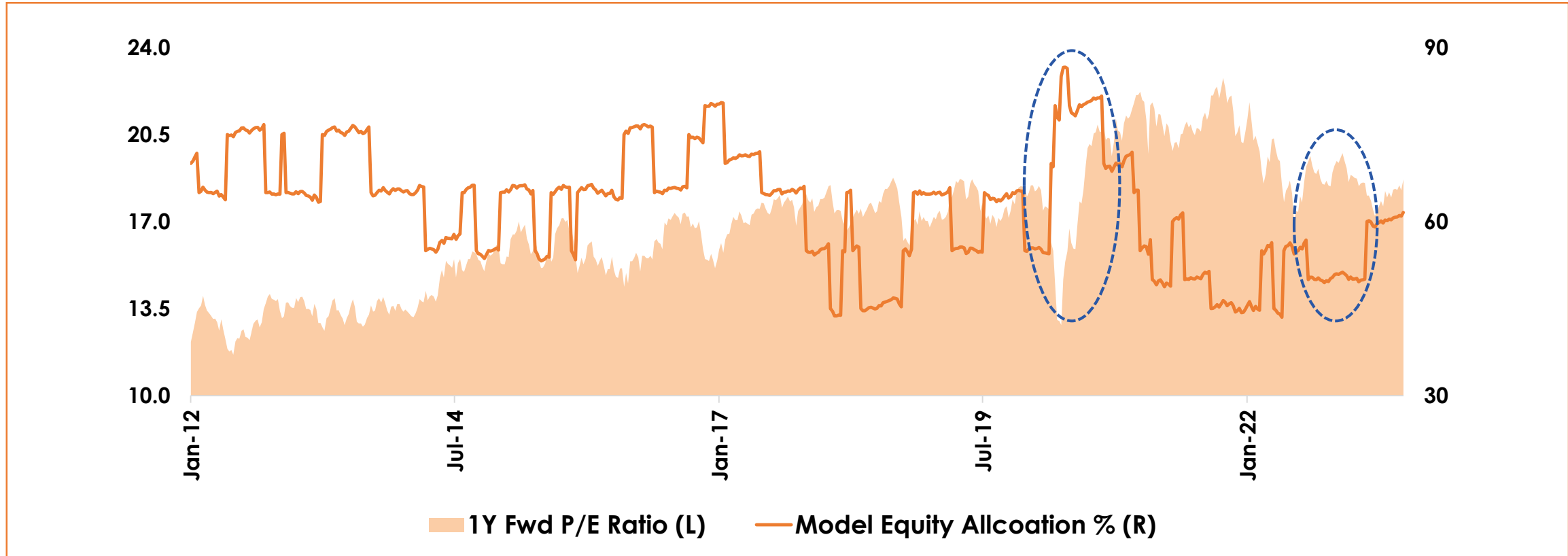
**Note:** The parameters mentioned above are indicative only. The model may not be limited to the mentioned parameters. The model and the parameters are subject to periodic revision, resulting in addition or deletion of parameters and/or the weightages assigned to them. Portfolio will be managed as per stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within provisions of SID of the scheme.



## The model assesses the four factors dynamically and modifies equity allocation

Source: MFIE, UTI Research. NE – Model Net Equity, N50 – Nifty 50 PRI Value. **Data Period: Jan 2012 – Jun 2023.**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**



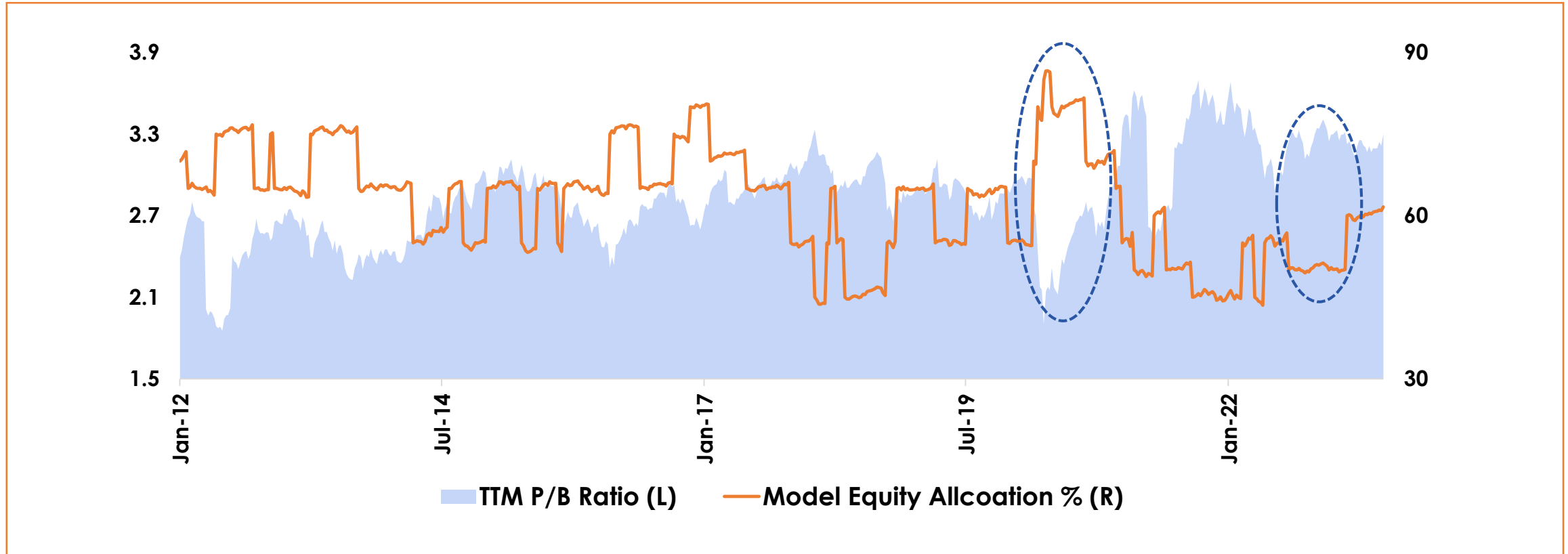
**P/E ratio has a negative correlation with forward market returns;  
higher P/E ratios correlate with lower equity allocation**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.** Reference: Nifty 50 P/E Ratio

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**



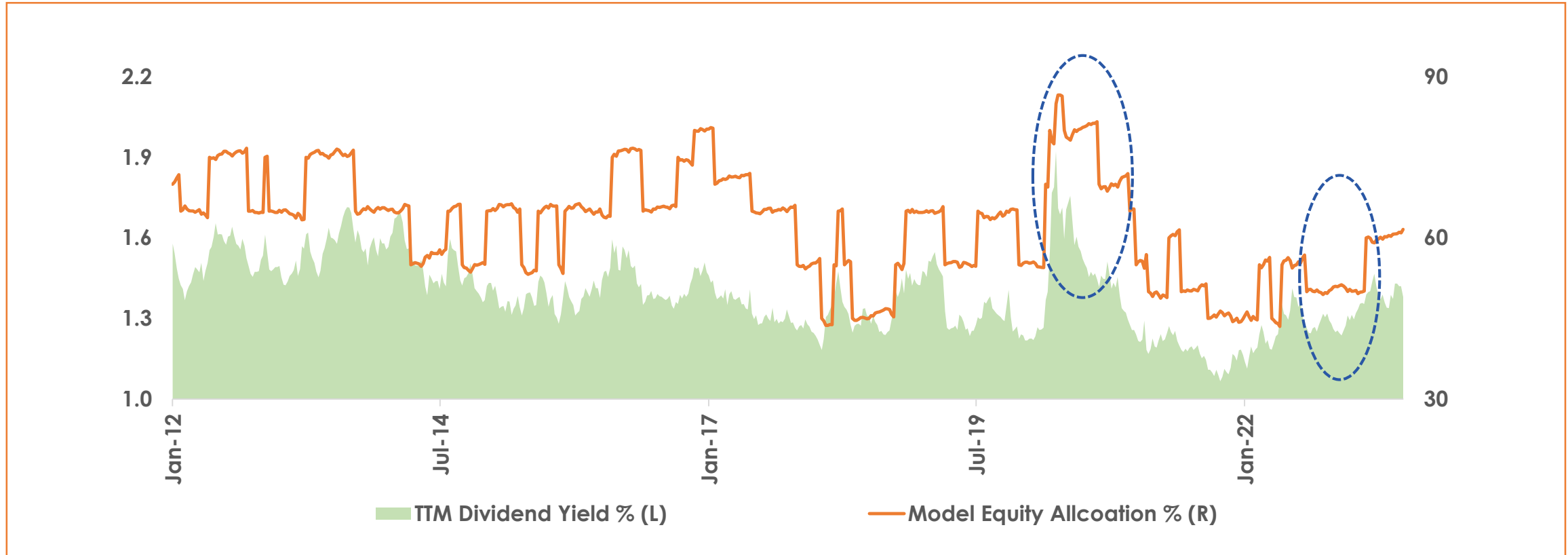
# UTI BAF Model: Net Equity Allocation vs P/B Ratio



**P/B ratio has a negative correlation with forward market returns;  
higher P/B ratios correlate with lower equity allocation**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.** Reference: Nifty 50 P/B Ratio

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

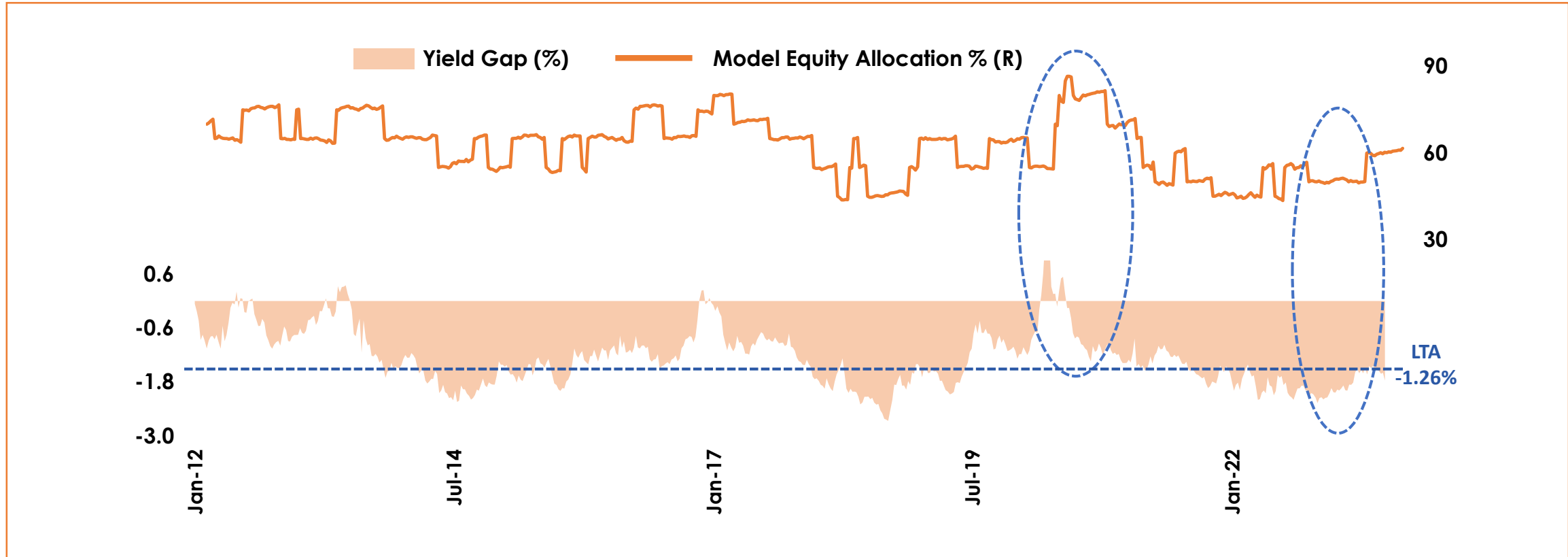


**Dividend yield has a positive correlation with forward market returns;  
higher dividend yield correlate with higher equity allocation**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.** Reference: Nifty 50 Dividend Yield

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# UTI BAF Model: Net Equity Allocation vs Yield Gap



**Yield gap has a positive correlation with forward market returns;  
higher yield gap relative to history correlates with higher equity allocation**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.** LTA – Long Term Average

**\*Yield gap is difference of Equity Yield (1/1 year Forward Nifty 50 P/E Ratio) and Bond Yield (10-year GSEC Yield)**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

# UTI BAF Model: Back-tested Calendar Year Performance

CY Returns	Nifty 50 TRI	UTI BAF Model
CY 12	29.4%	25.7%
CY 13	8.1%	7.9%
CY 14	32.9%	25.5%
CY 15	-3.0%	2.9%
CY 16	4.4%	7.8%
CY 17	30.3%	22.1%
CY 18	4.6%	7.0%
CY 19	13.5%	13.0%
CY 20	16.1%	20.4%
CY 21	25.6%	16.1%
CY 22	5.7%	6.2%
CY 23*	6.6%	6.1%

Since Jan 2012	Nifty 50 TRI	UTI BAF Model
Returns (p.a.)	14.6%	13.7%
Standard Deviation (p.a.)	15.9%	10.8%

**The model has delivered better risk adjusted returns**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. **The model considers passive returns of Nifty 50 TRI for equity portion and Nifty Composite Debt Index for non equity portion.** The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

# UTI BAF Model: Back-tested Calendar Year Performance

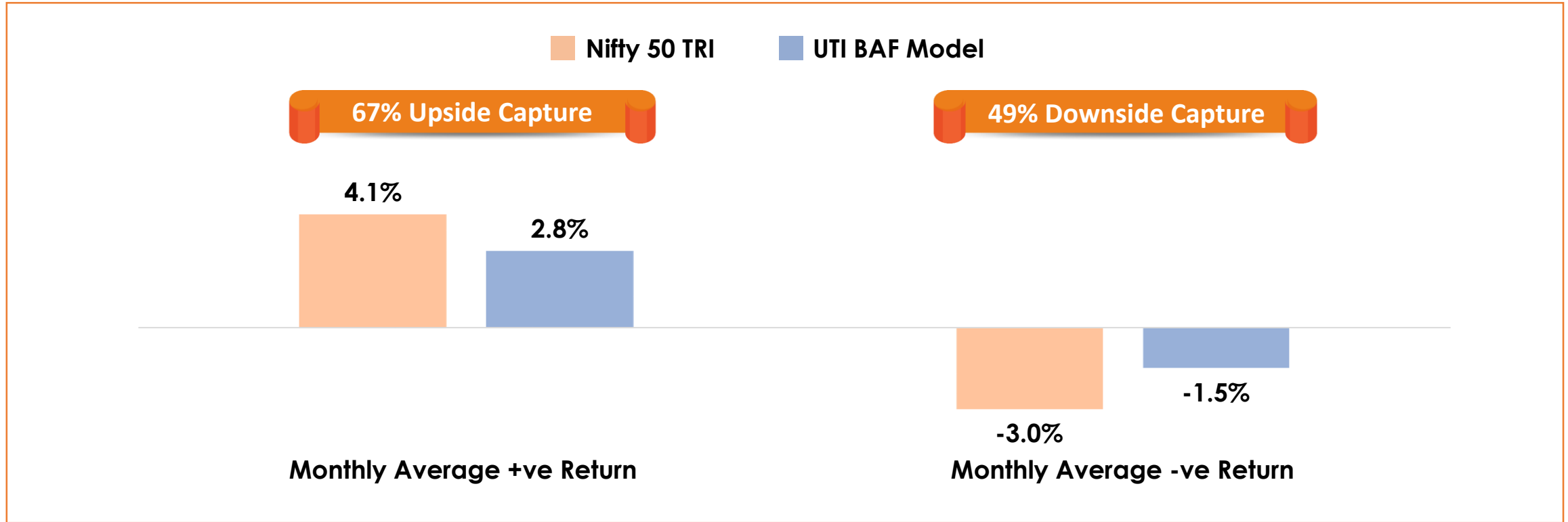
CY Returns	Benchmark	UTI BAF Model	Alpha
CY 12	20.2%	25.7%	5.5%
CY 13	6.3%	7.9%	1.6%
CY 14	23.3%	25.5%	2.2%
CY 15	2.7%	2.9%	0.2%
CY 16	8.6%	7.8%	-0.8%
CY 17	16.8%	22.1%	5.3%
CY 18	5.4%	7.0%	1.5%
CY 19	12.3%	13.0%	0.7%
CY 20	15.5%	20.4%	4.9%
CY 21	14.7%	16.1%	1.5%
CY 22	4.6%	6.2%	1.6%
CY 23*	5.4%	6.1%	0.7%

Since Jan 2012	Benchmark	UTI BAF Model	Alpha
Returns (p.a.)	11.6%	13.7%	2.1%
Standard Deviation (p.a.)	8.3%	10.8%	

**The model has outperformed the benchmark in most calendar years, generating an alpha of 2.1% p.a. since Jan 2012**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.** Benchmark – Nifty 50 Hybrid Composite Debt 50:50 Index

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. **The model considers passive returns of Nifty 50 TRI for equity portion and Nifty Composite Debt Index for non equity portion.** The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

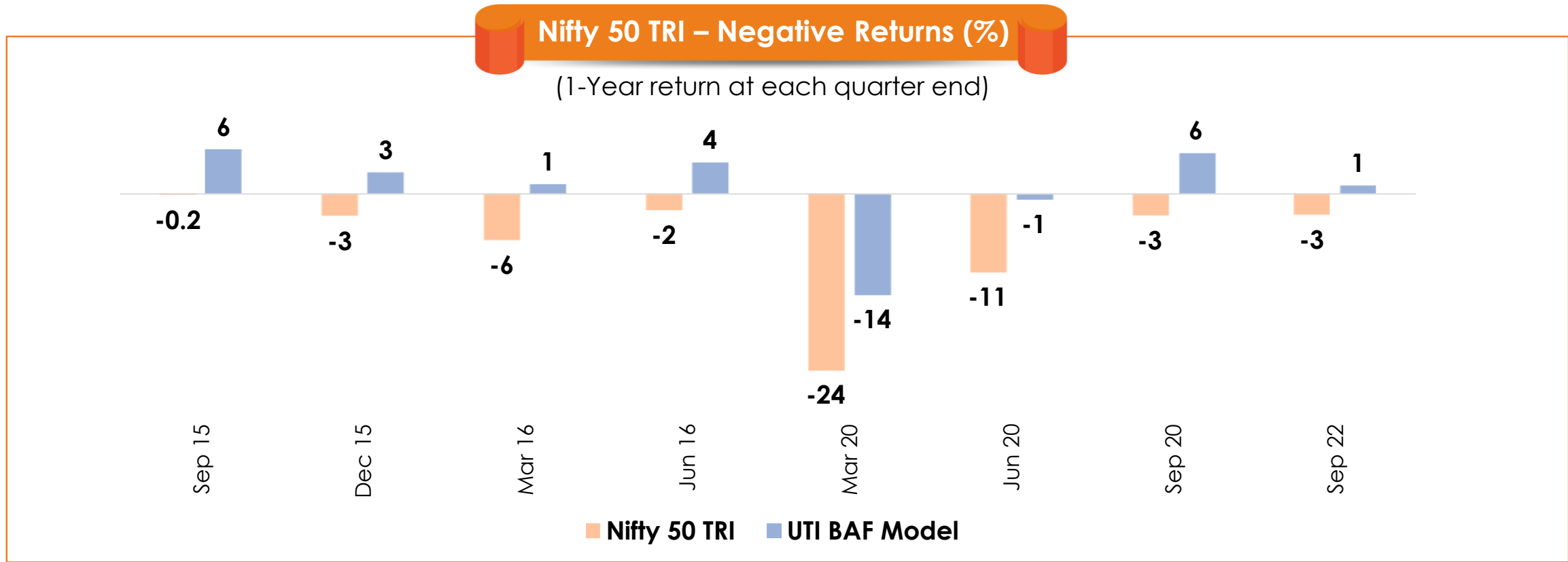


**The model, on average, has higher participation in upsides and lower participation in downsides**

Source: MFIE, UTI Research. **Data from Jan 2012 – Jun 2023.** Reference – Nifty 50 TRI

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# UTI BAF Model: Back-tested Performance during Past Market Phases



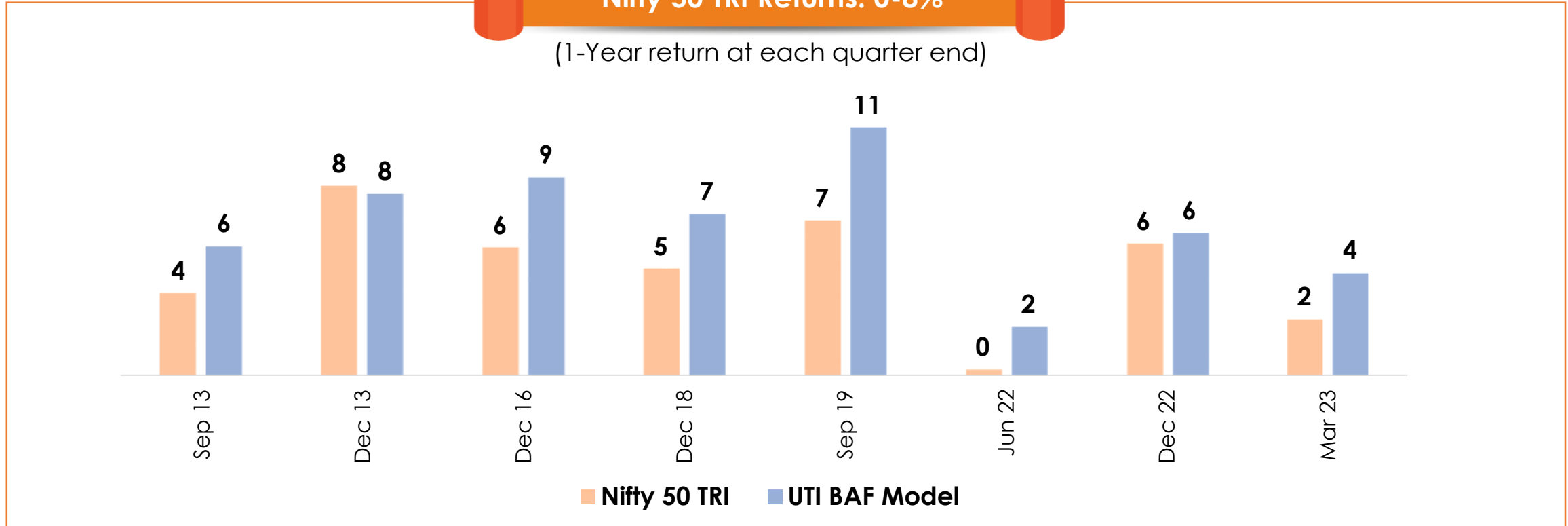
**The model has largely outperformed during market drawdowns**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. **The model considers passive returns of Nifty 50 TRI for equity portion and Nifty Composite Debt Index for non equity portion.** The performance of the internal model does not represent the performance of the scheme. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

## Nifty 50 TRI Returns: 0-8%

(1-Year return at each quarter end)



**The model has largely outperformed during periods of low to moderate market performance**

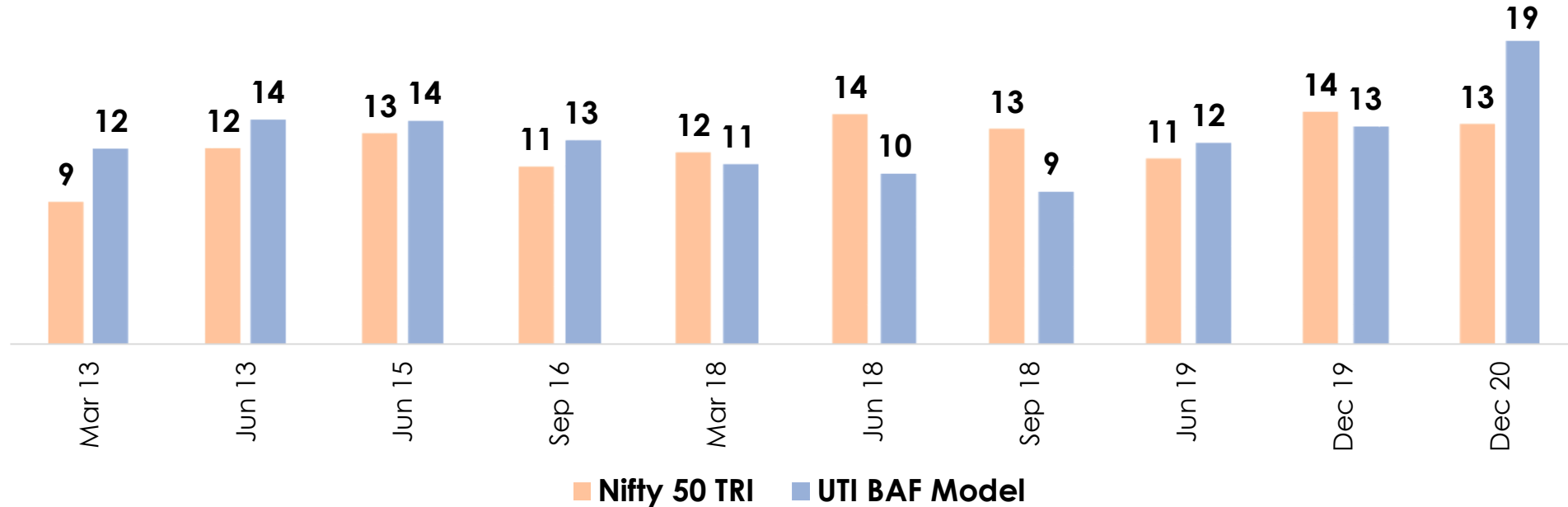
Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.**

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## Nifty 50 TRI Returns: 8-15%

(1-Year return at each quarter end)



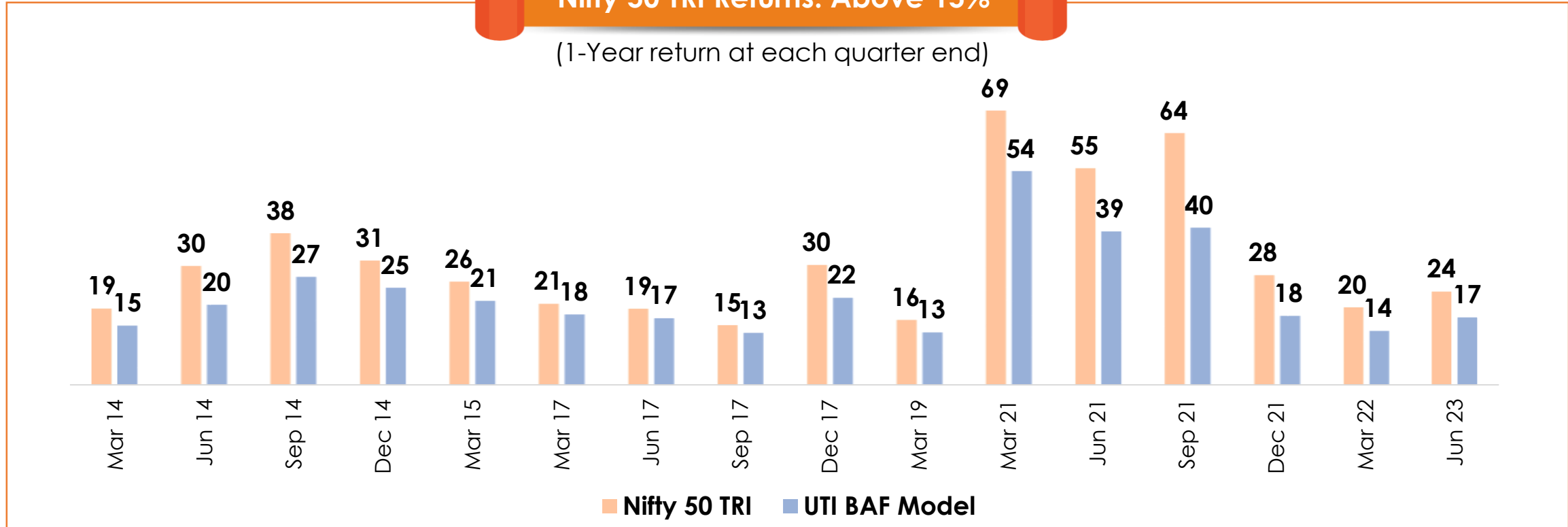
**The model captures market performance reasonably during periods of moderate market performance**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. **The model considers passive returns of Nifty 50 TRI for equity portion and Nifty Composite Debt Index for non equity portion.** The performance of the internal model does not represent the performance of the scheme. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

## Nifty 50 TRI Returns: Above 15%

(1-Year return at each quarter end)

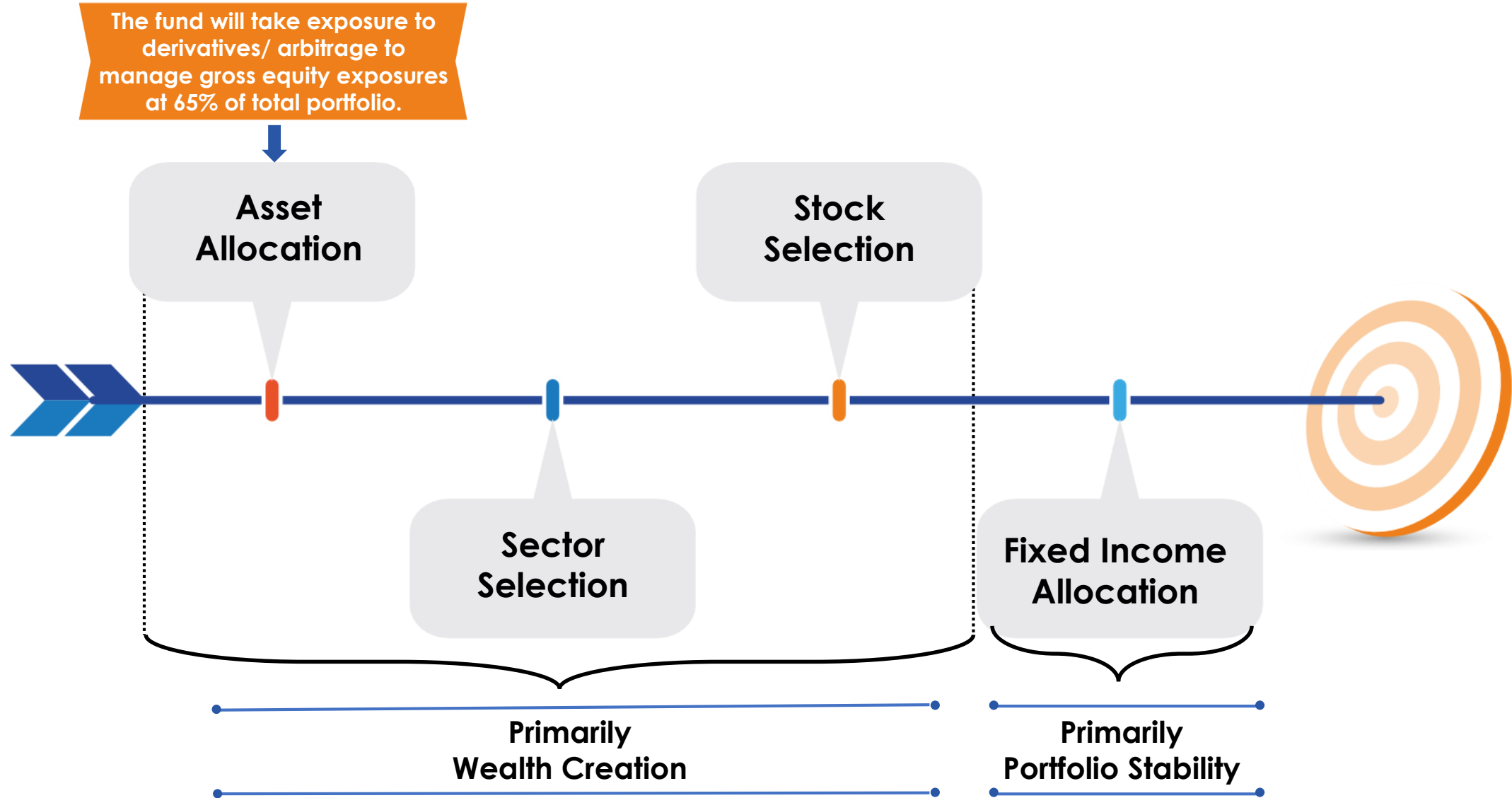


**The model has a lower upside capture during strong market up moves**

Source: MFIE, UTI Research. **Data Period: Jan 2012 – Jun 2023.**

**Note:** The in-house proprietary asset allocation model starts from Jan 2012 onwards. The above illustration is for understanding the working of the model. **The model considers passive returns of Nifty 50 TRI for equity portion and Nifty Composite Debt Index for non equity portion.** The performance of the internal model does not represent the performance of the scheme. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. **Past performance may or may not sustain in future.**

# Sources of Alpha Creation for the Strategy





# Portfolio Construction of UTI Balanced Advantage Fund



## TEAM

- Team driven approach
- Discussions & Reviews

### Average Experience of Equity Investment Team\*

– 15.4 yrs

## PROCESS

- Standardized research methodology
- Companies get Operating Cash Flow (OCF) & Return on Capital Employed (RoCE) ratings based on their previous 5 years financials



- Identifying good stocks, avoiding poor stocks
- Consistency over time

## STRATEGIES

- Support diverse strategies
- Style discipline – mandate & style drive the choice of stocks across the OCF & RoCE tiers

\*Details as of Jun 2023

- OCF rating based on number of years in which company has generated positive OCFs in the past 5 years (for manufacturing companies).
- RoCE / Implied RoE Tiers rating based on the past 5 years average return on capital (for manufacturing companies & non-lending NBFCs) & return on assets for banks & NBFCs (including housing finance companies)



**1** Net long equity allocation will range between **30-90%**

**2** Investment style – **Blend** of growth and value styles

**3** **Bottom-up approach** with flexibility to own stocks with **long runway for growth + cyclical** opportunities including **turnaround** companies

**4** Portfolio will be **large cap biased** and will have **50-60 stocks over time**

**5** **Sector agnostic** – The fund may take over/under-weight positions across sectors

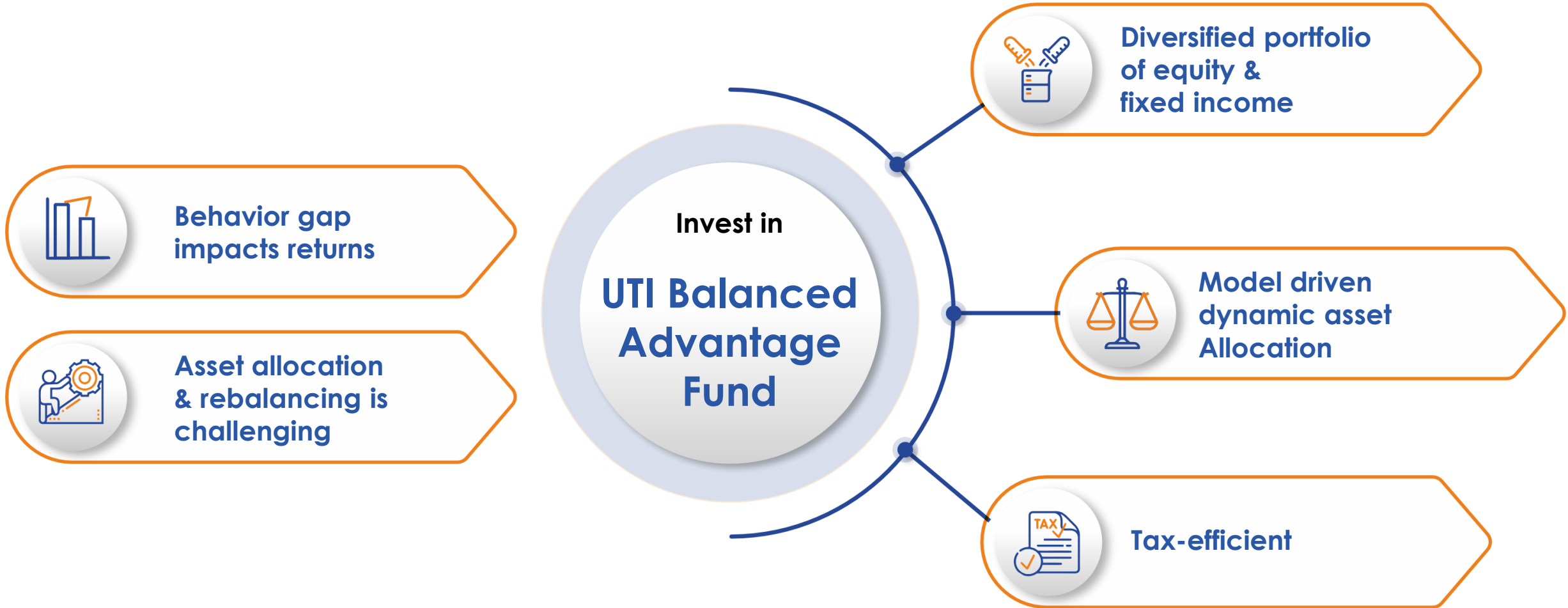
**Blend style of investing with Large cap bias**



- 1** **10-35%** of the portfolio will be in debt & money market instruments
- 2** **Actively managed** portfolio
- 3** **Focus** will be on the “**Quality**” and “**Liquidity**” of the portfolio
- 4** Investments predominantly in Sovereign/ AAA/ equivalent rated issuers
- 5** Portfolio duration basis interest rate scenario and outlook

**Portfolio Orientation – Quality & Liquidity**

# Why invest in UTI Balanced Advantage Fund?



Partner in your Wealth Creation Journey





## Investment Objective

The scheme intends to provide long-term capital appreciation and income by investing in a dynamically managed portfolio of equity and debt instruments. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.



## Type of Scheme

An open-ended dynamic asset allocation fund



## Fund Manager

**Equity:** Sachin Trivedi **Fixed Income:** Anurag Mittal



## Benchmark

Nifty 50 Hybrid Composite Debt 50:50 Index



## Plans & Options

**Plans:** Regular Plan & Direct Plan

**Options (under both Plans):** Growth Option & Payout of IDCW Option



## Exit Load:

- A. Redemption/ Switch-out within 12 months from the date of allotment:
- (i) up to 10% of the allotted Units – Nil
  - (ii) beyond 10% of the allotted Units - 1.0%
- B. Nil thereafter



## Minimum Application Amount

Initial Purchase: ₹5000 and in multiples of ₹1/-

Additional Purchase: ₹1,000 and in multiples of ₹1/-



## Facilities Offered

SIP/ SWP/ STRIP/ Flexi STRIP



## **Sachin Trivedi** (Head of Equity Research & Fund Manager)

B.Com., MMS, CFA; Industry Experience: 22 Years

Sachin Trivedi is a CFA charter conferred on him by the CFA Institute, USA, since 2004. He is a B.Com. graduate from Narsee Monjee College of Commerce, Mumbai and holds a Master Degree in Management Studies (MMS) from K.J. Somaiya Institute of Management Studies & Research, Mumbai University. He began his career in June 2001, with UTI AMC. Sachin has over 2 decades of experience in research and portfolio management.



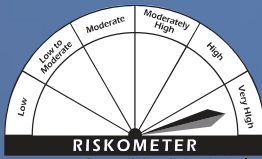

## **Anurag Mittal** (Deputy Head – Fixed Income)

B.Com., M.Sc., CA; Industry Experience: 17 Years

Anurag is a Chartered Accountant affiliated with Institute of Chartered Accountant of India and holds a Master Degree in Accounting & Finance with specialization in Finance from London School of Economics. He previously held the office of Senior Fund Manager at IDFC Asset Management Company Pvt Ltd (now Bandhan AMC) and managed key fixed income mutual fund schemes. Prior to this, he was associated with HDFC AMC Ltd as Senior Manager – Investments and Axis Asset AMC Ltd as Fund Manager – Investments, responsible for fund management, dealing and research.

# UTI BALANCED ADVANTAGE FUND

NFO Opens July 21, 2023 | NFO Closes August 04, 2023

<b>UTI Balanced Advantage Fund</b> (An open-ended dynamic asset allocation fund)	<b>Scheme</b>	<b>Nifty 50 Hybrid Composite Debt 50:50 Index</b>
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Long term capital appreciation and income</li> <li>• Investment in a dynamically managed portfolio of equity and debt instruments</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	 <p><b>RISKOMETER</b> Investors understand that their principal will be at Very High Risk.</p>	 <p><b>RISKOMETER</b> Benchmark riskometer is at High Risk.</p>

**REGISTERED OFFICE:** UTI Tower, 'GN' Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Phone: 022 6678 6666. UTI Asset Management Company Ltd (Investment Manager for UTI Mutual Fund) Email: invest@uti.co.in. (CIN-L65991MH2002PLC137867). For more information, please contact the nearest UTI Financial Centre or your AMFI/ NISM certified Mutual Fund Distributor (MFD) for a copy of the Statement of Additional Information, Scheme Information Document and Key Information Memorandum cum Application Form.

## Disclaimer:

**The illustrations of in-house proprietary asset allocation model are for understanding the working of the model. The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. Past performance may or may not sustain in future.**

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

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Thank You