

NEW FUND OFFER



# ENDEAVOUR TO EXPERIENCE A RELATIVELY SMOOTHER INVESTMENT JOURNEY

## Invest in UTI S&P BSE Low Volatility Index Fund

NFO OPENS FEB 14, 2022

NFO CLOSES FEB 25, 2022

# UTI S&P BSE LOW VOLATILITY INDEX FUND

Contact your mutual fund distributor or give a missed call on **8655019940**.

SMS "UTILOWVOL" to 5676756 | [www.utimf.com](http://www.utimf.com)

UTI S&P BSE Low Volatility Index Fund is an open-ended scheme replicating/tracking S&P BSE Low Volatility Total Return Index (TRI).

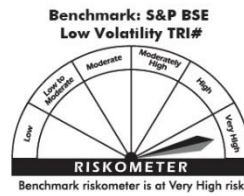
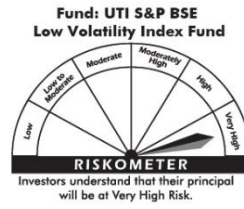
### UTI S&P BSE Low Volatility Index Fund

The product is suitable for investors who are seeking\*:

- Capital growth in tune with the index returns
- Passive investment in equity instruments comprised in S&P BSE Low Volatility Index

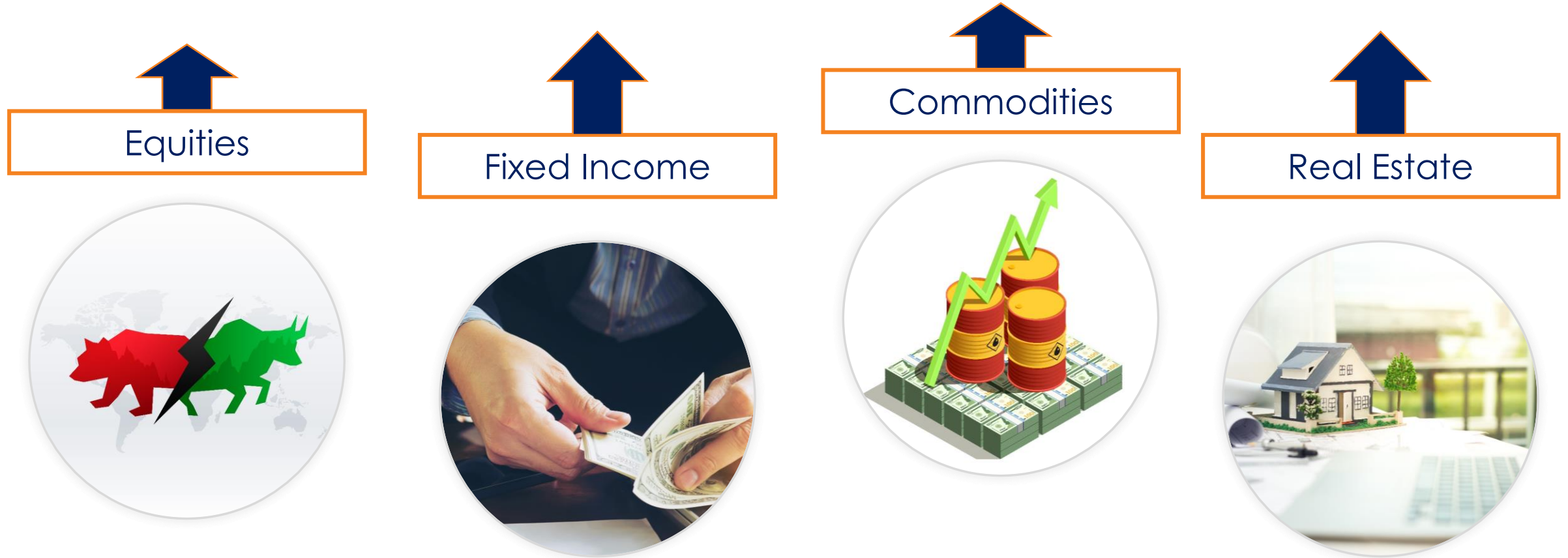
\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made. \*Based on the Index Composition as on January 11, 2022



MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

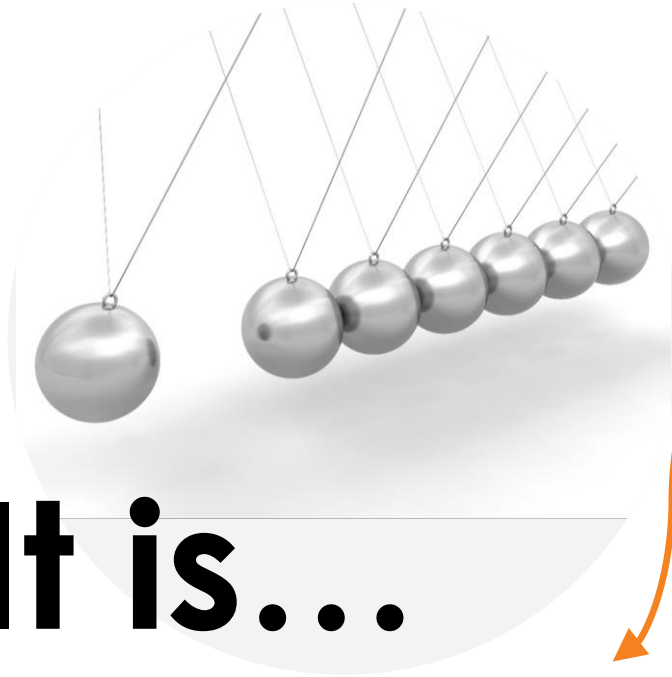
Price fluctuation is a common phenomena across asset classes, however they are most highlighted in Equities



These fluctuations i.e upward and downward movements in price are known as “ Volatility”

For illustration purpose only

**“Volatility is the measure of the frequency and impact of price movement in a given market “**



**It is...**

an inherent element and a perpetual force in stock market

Volatility...



**It isn't...**

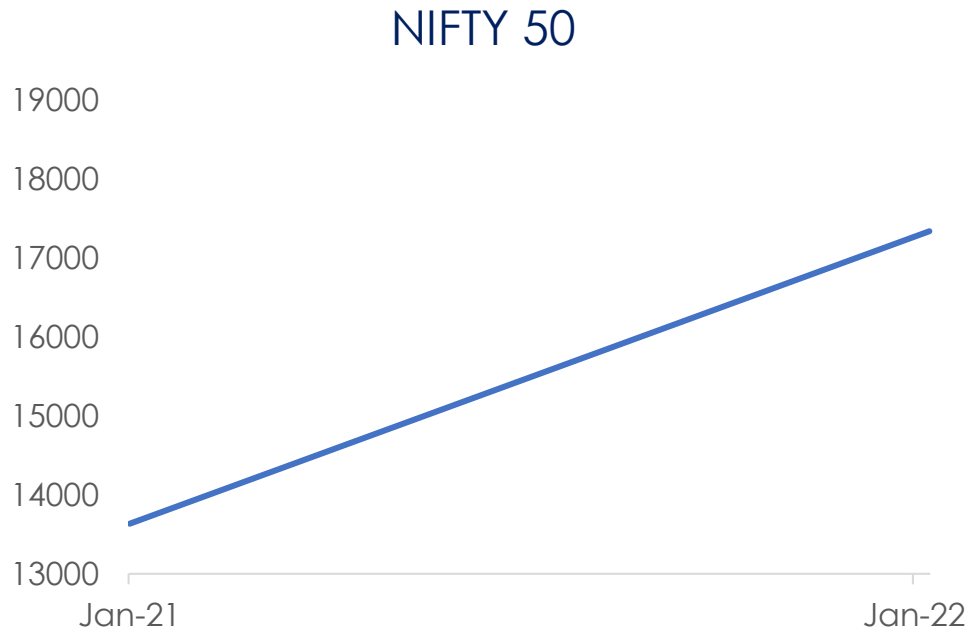
the only factor to consider while investing in stock market

# Investment Journey – Returns and Volatility

Investors usually understand the concepts of returns in an investment portfolio

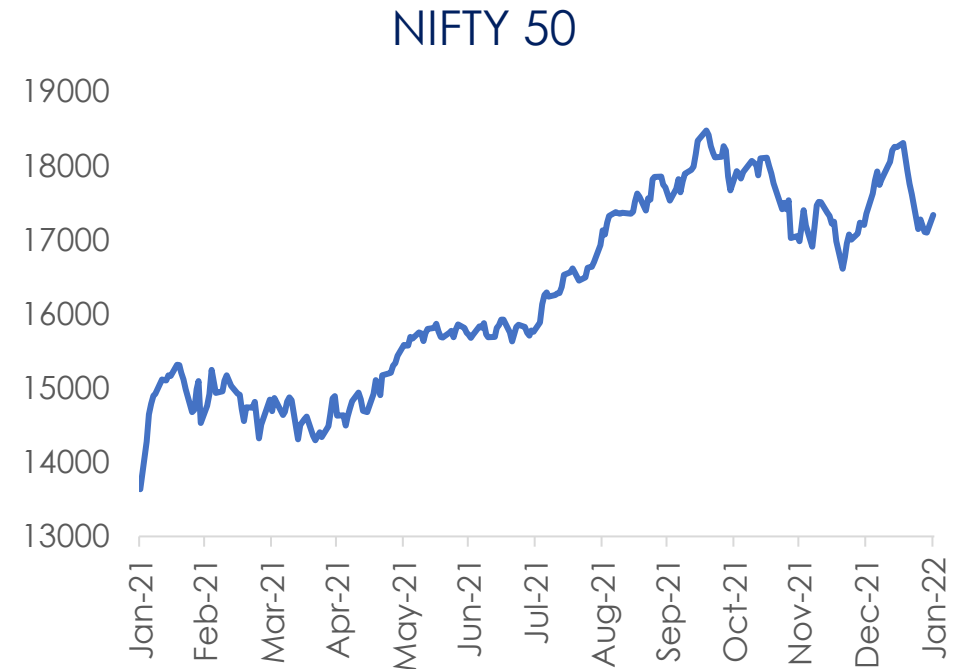
But...

Mostly fails to understand the element of volatility associated with it



**Expectation**

**Vs**



**Reality**

# Factors attributing to Market Volatility

Government & Other Regulatory Policies

Interest Rate & Inflation

Foreign & Domestic Institutional Investors Participation

Natural Disaster/Pandemics

Economic Variable – GDP Growth, Fiscal Deficit etc

The above list of factors are not exhaustive, there may be other factors affecting market volatility

- Low-volatility investing aims on providing better risk adjusted returns over time with less volatility — a relatively smoother ride.
- Companies with stable business models are generally less susceptible to recessions and other macroeconomic events.
- Low-volatility stocks generally tend to hold up better when markets decline rapidly, but they may lag during strong market rallies.

## What is a low-volatility factor selection process?

- Typically defined as price volatility
- Common ways to measure volatility is to screen for stocks based on the historical volatility of their prices

**Presenting**

# **UTI S&P BSE Low Volatility Index Fund**

**(An open-ended scheme replicating/tracking S&P BSE Low Volatility Total Return Index(TRI))**

# About 'S&P BSE Low Volatility' Index® (The Index)



## Universe

**Components of S&P  
BSE LargeMidcap  
Index**



## Size and Liquidity

### Eligible Component with minimum

- Free-float Mcap of Rs.20 Bn
- Annualized Traded Value of Rs. 10 Bn



## Selection

**Based on Annualised  
Volatility of Stock's  
daily price return over  
last 252 trading days**



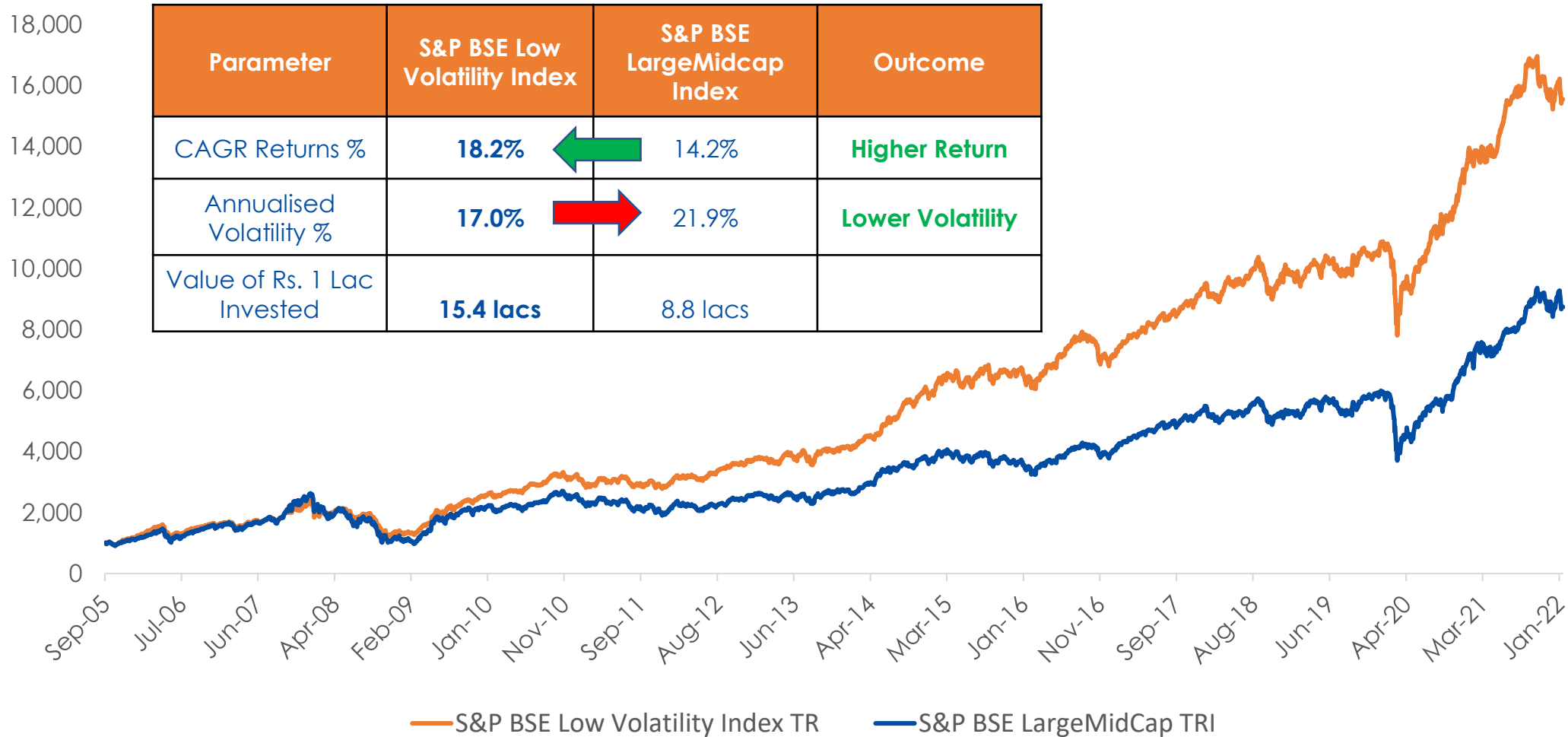
## Rebalancing

**Semi-annual**

**The S&P BSE Low Volatility Index is designed to track the performance of the 30 companies in the S&P BSE LargeMidCap with the lowest volatilities, as measured by standard deviation**



# Investment Journey : S&P BSE Low Volatility TRI Vs S&P BSE LargeMidcap TRI



**S&P BSE Low Volatility has outperformed S&P BSE LargeMidcap Cap Over Long Term**

Source : MFI, Asia Index Pvt Ltd as on Jan 31, 2022, based on Total Returns Index. These are only for reference purpose. Graph is to represent overall movement of indices and not specific to particular time period. Past performance does not guarantee future performance of the scheme

# FY Performance : S&P BSE Low Volatility TRI Vs S&P BSE LargeMidcap TRI

Period	CAGR Returns		Standard Deviation		Risk Adjusted Returns	
	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI
FY 06*	46%	32%	16%	17%	2.86	1.88
FY 07	7%	13%	26%	28%	0.27	0.48
FY 08	25%	26%	26%	32%	0.97	0.83
FY 09	-26%	-39%	28%	41%	-0.93	-0.94
FY 10	86%	92%	21%	29%	4.06	3.15
FY 11	13%	10%	12%	17%	1.11	0.59
FY 12	4%	-8%	14%	20%	0.31	-0.40
FY 13	14%	8%	9%	13%	1.53	0.67
FY 14	23%	20%	13%	17%	1.72	1.14
FY 15	43%	32%	11%	14%	3.74	2.33
FY 16	3%	-7%	15%	17%	0.23	-0.38
FY 17	18%	24%	11%	13%	1.64	1.88
FY 18	16%	12%	8%	10%	1.94	1.18
FY 19	11%	12%	11%	13%	0.97	0.98
FY 20	-12%	-26%	20%	27%	-0.61	-0.97
FY 21	59%	75%	16%	22%	3.69	3.39
FYTD ^	10%	20%	10%	14%	1.01	1.48

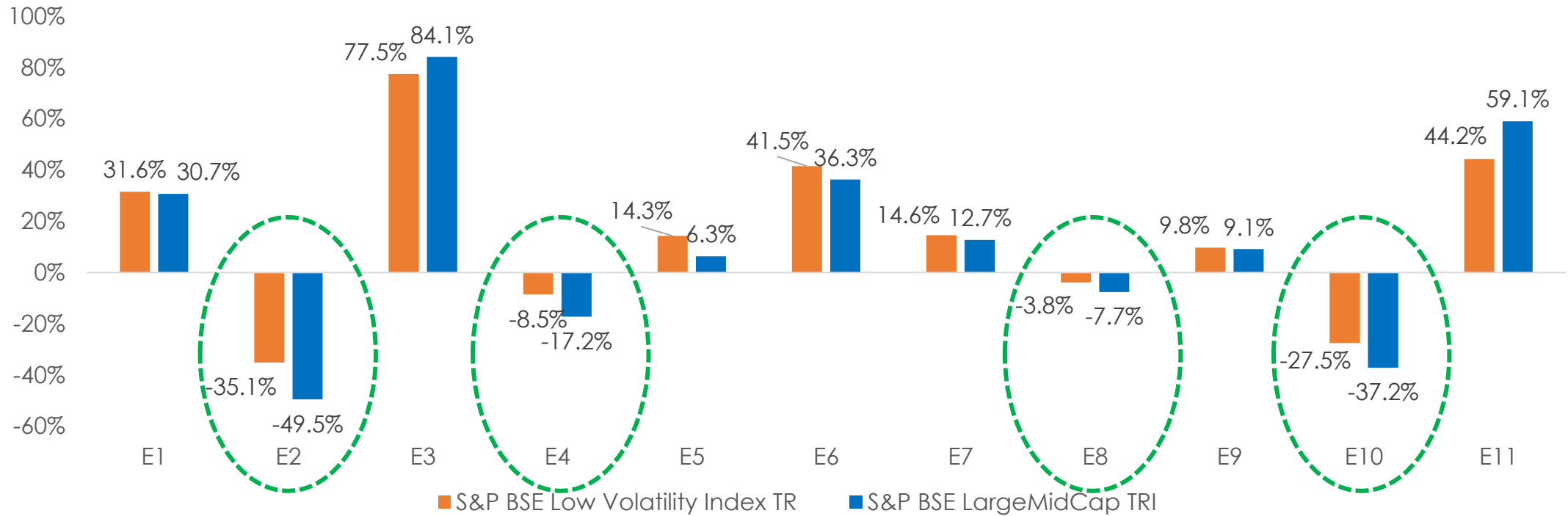
**S&P BSE Low Volatility has outperformed S&P LargeMidcap in terms of**

- **Annual Returns** - 10 times out of last 17 FYs
- **Volatility** – 100% times
- **Risk Adjusted Returns** - 14 times out of last 17 FYs

Source : Asia Index Pvt Ltd as on Jan 31, 2022, based on Total Returns Index. \* 16 Sept 2005 – 31 March 2006 , FYTD as on Jan 31, 2022. Past performance does not guarantee future performance of the scheme

# Periodic Returns : S&P BSE Low Volatility TRI Vs S&P BSE LargeMidcap TRI

## S&P BSE Low Volatility TRI offered downside protection during rough patches



E1	Index Inception till Global Financial Crisis	16/09/2005	07/03/2008	E7	Global Growth Stabilisation	31/03/2015	31/01/2018
E2	Global Financial Crisis	07/03/2008	09/03/2009	E8	LTCG on Equities	31/01/2018	28/03/2018
E3	Post Crisis Recovery	09/03/2009	09/11/2010	E9	Demonestisation and GST implementation	28/03/2018	07/02/2020
E4	Eurozone Debt Crisis	09/11/2010	30/01/2012	E10	Covid-19 Pandemic	07/02/2020	23/03/2020
E5	Policy Paralysis	30/01/2012	31/08/2013	E11	Post Covid Recovery	23/03/2020	31/01/2022
E6	Oil Price Correction	30/08/2013	31/03/2015				

Source : Asia Index Pvt Ltd as on Jan 31, 2022, based on Total Returns Index. Index Inception Date is 16 Sept 2005. Past performance does not guarantee future performance of the scheme



## S&P BSE Low Volatility Index - Portfolio

# S&P BSE Low Volatility Index – Top 10 Holding

Stock Name	Sector	Weightage (%)
Gillette India Ltd	Consumer Goods	4.2%
Maruti Suzuki India Ltd	Automobile	4.1%
Pidilite Industries Ltd	Chemicals	3.9%
Infosys Ltd	IT	3.8%
Nestle India Ltd	Consumer Goods	3.7%
Dabur India Ltd	Consumer Goods	3.7%
Britannia Industries Ltd.	Consumer Goods	3.7%
GlaxoSmithKline Pharmaceuticals Ltd	Pharma	3.7%
ITC Ltd	Consumer Goods	3.7%
SBI Life Insurance Company Ltd	Financial Services	3.7%
<b>Total</b>		<b>38.2%</b>

## Key Takeaways

- S&P BSE Low Volatility Index at present has a diversified exposure at stock level as compared to S&P BSE LargeMidcap Index where the weight of top 10 stocks is ~44%.
- Maximum weight assigned to each stock is lower of – 5% in S&P BSE Low Volatility Index

# S&P BSE Low Volatility Vs S&P BSE LargeMidcap – Sector Exposure

Sector	S&P BSE Low Volatility Index	S&P BSE LargeMidCap Index	Active Weight*
Consumer Goods	34.59%	10.91%	<b>23.68%</b>
Automobile	16.21%	5.30%	<b>10.91%</b>
Pharma	15.82%	4.04%	<b>11.78%</b>
Financial Services	9.70%	32.65%	<b>-22.95%</b>
IT	7.41%	14.15%	<b>-6.73%</b>
Oil & Gas	5.86%	11.17%	<b>-5.31%</b>
Chemicals	3.91%	0.73%	<b>3.18%</b>
Power	3.50%	3.52%	-0.03%
Fertilisers & Pesticides	3.01%	0.69%	<b>2.31%</b>
Textiles		0.24%	-0.24%
Media, Entertainment & Publication		0.32%	-0.32%
Healthcare Services		0.45%	-0.45%
Services		1.12%	-1.12%
Industrial Manufacturing		1.52%	-1.52%
Consumer Services		1.74%	-1.74%
Telecom		2.22%	-2.22%
Cement & Cement Products		2.32%	-2.32%
Construction		2.99%	<b>-2.99%</b>
Metals		3.92%	<b>-3.92%</b>

## Key Takeaways

- S&P BSE Low Volatility has higher exposure than S&P BSE LargeMidcap to relatively stable sectors like Consumer Goods, Automobile, Pharma etc.
- S&P BSE Low Volatility has lower exposure to sectors with higher volatility like Financial Services, IT and Oil and Gas and has no exposure to sectors like Metals, cement, construction, power, telecom etc.

## S&P BSE Low Volatility Index - Performance

# S&P BSE Low Volatility Index Comparison – Current Performance

Period	Returns %			Standard Deviation (%)			Risk Adjusted Returns		
	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI	NIFTY 50 TRI	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI	NIFTY 50 TRI	S&P BSE Low Volatility Index TR	S&P BSE LargeMidCap TRI	NIFTY 50 TRI
1 Year	15.50%	30.38%	28.50%	11.21%	16.18%	16.50%	1.38	1.88	1.73
3 Years	16.78%	18.74%	18.35%	16.10%	21.51%	22.08%	1.04	0.87	0.83
5 Years	16.22%	16.29%	16.60%	13.88%	18.12%	18.47%	1.17	0.90	0.90
7 Years	13.44%	12.01%	11.51%	13.71%	16.71%	17.01%	0.98	0.72	0.68
10 Years	17.71%	14.89%	14.18%	13.10%	16.70%	17.00%	1.35	0.89	0.83
Since Inception	18.18%	14.19%	13.77%	16.97%	21.92%	22.45%	1.07	0.65	0.61

**S&P BSE Low Volatility TRI delivered better Risk-Adjusted Returns than S&P LargeMidcap and broader market Index i.e NIFTY50 , over medium to long term investment horizon.**

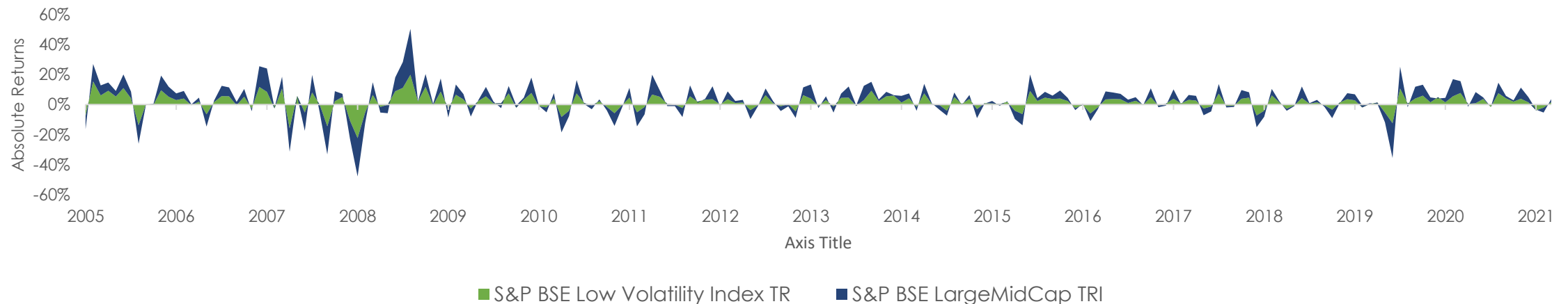
Data From Sept 16, 2005 to Jan 31, 2022. TRI i.e., 'Total Return Index' consider reinvestment of dividends issued by companies forming part of Index. Source: MFI Explorer & Asia Index Pvt Ltd Limited. Returns are CAGR. Standard Deviation is based on the daily returns for the respective period. Since Inception – Sept 16, 2005 – Jan 31, 2022. Past performance does not guarantee future performance of the scheme



# S&P BSE Low Volatility Index Comparison – Monthly Return Distribution

Parameters	S&P BSE Low Volatility Index TRI	S&P BSE LargeMidCap TRI	Nifty 50 TRI
Number of months	196	196	196
Months delivering +ve returns	65%	62%	61%
Average Return - when S&P BSE LargeMidCap TRI delivered +ve returns	4.24%	4.96%	--
Average Return - when Nifty 50 TRI delivered +ve returns	4.37%	--	4.95%
<b>Up-capture vs respective index</b>	--	86%	88%
Average Return in months when S&P BSE LargeMidCap TRI delivered -ve returns	-2.82%	-4.54%	--
Average Return in months when Nifty 50 TRI delivered -ve returns	-2.83%	--	-4.35%
<b>Down-capture vs respective index</b>	--	62%	64%

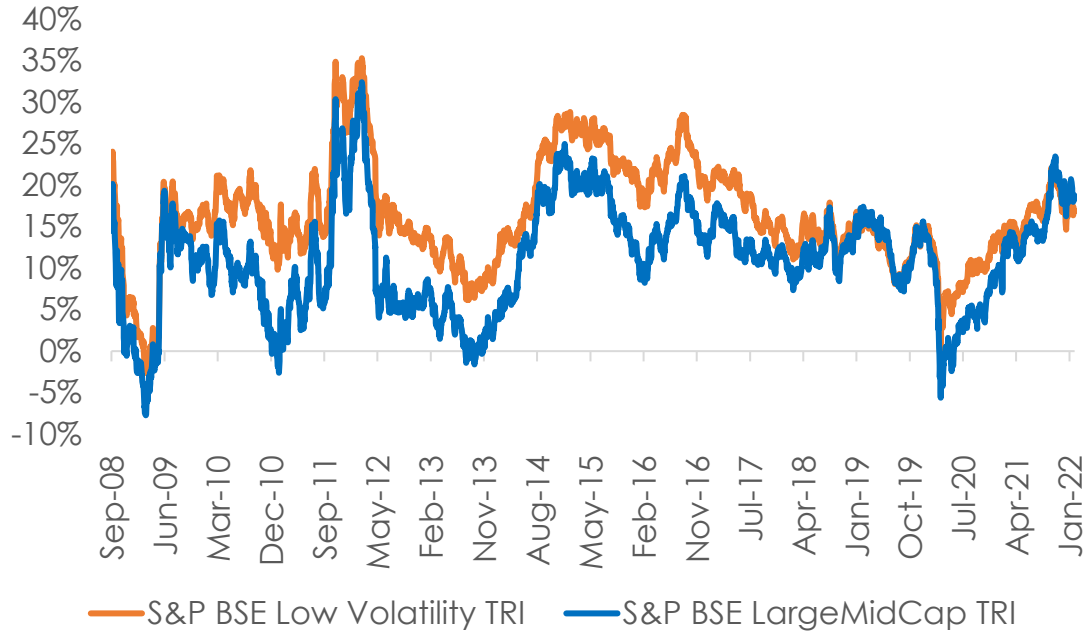
- S&P BSE Low Volatility Index has captured 86% of S&P BSE LargeMidCap up moves, whereas it has lost less than S&P BSE LargeMidCap, 61% during the periods when S&P BSE LargeMidCap has declined.
- Similarly, S&P BSE Low Volatility Index has captured 88% of Nifty 50 up moves, whereas it has lost less than Nifty 50, 64% during the periods when Nifty 50 has declined.
- This shows that the low volatility selection strategy is working well as compared to these two indices.



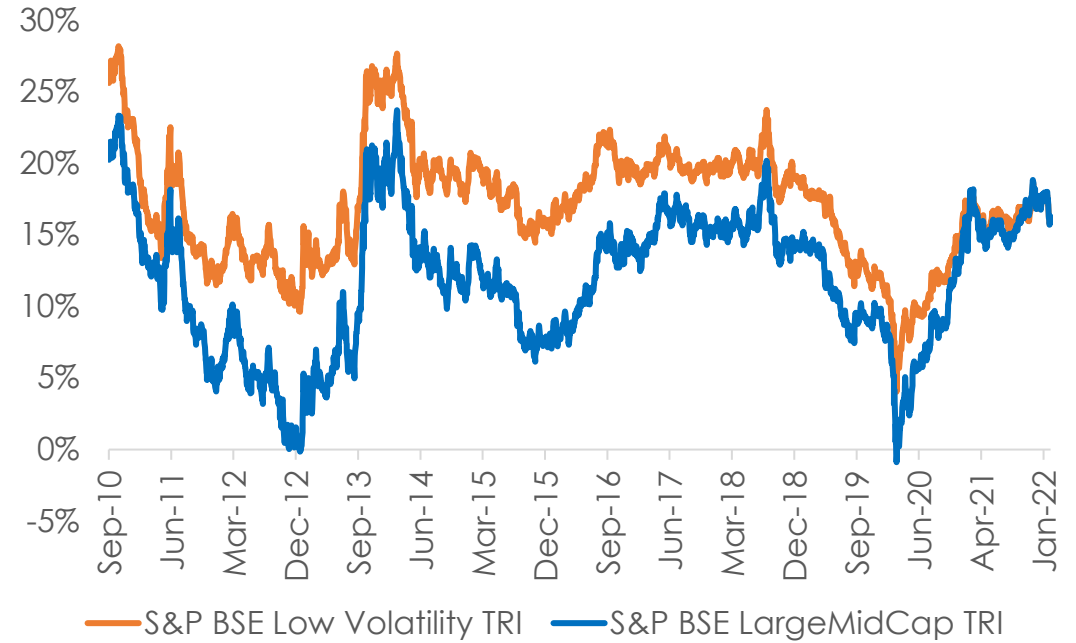
Data From April 1, 2005 to January 31, 2022. TRI i.e., 'Total Return Index' consider reinvestment of dividends issued by companies forming part of Index. Source: MFI Explorer & Nifty Indices Limited. Up-capture = average return when respective index is +ve / average return of Nifty Midcap 150 Quality 50 TRI at that time.

# Rolling return analysis – Limiting Risk not Returns

### 3 Years Rolling Return



### 5 Years Rolling Return



<b>Standard Deviation</b>	6.3%	6.5%
<b>Instances of +ve Returns</b>	99%	95%
<b>Over 8%</b>	92%	70%

4.0%	4.8%
100%	100%
99%	77%

## Investment Objective

The investment objective of the scheme is to provide returns that, before expenses, closely correspond to the total returns of the securities as represented by the underlying index, subject to tracking error

However, there is no guarantee or assurance that the investment objective of the scheme will be achieved.

## Investment Universe

The investment universe of the fund will be the constituents of S&P BSE Low Volatility Index.

## Investment Strategy

The scheme is a low-cost smart beta index Fund which tracks the S&P BSE Low Volatility Index passively. The scheme endeavors to achieve return equivalent to underlying index while minimizing tracking error.

## Performance

The scheme will endeavor to replicate the performance of S&P BSE Low Volatility Index

# Key Stats : UTI S&P SBE Low Volatility Index Fund



## Type of scheme

An Open-ended scheme replicating/tracking S&P BSE Low Volatility Index TRI



## Plans & Options

Regular Plan and Direct Plan – Both Plan offers Growth Option Only



## Entry and Exit Load

NIL



## Minimum Application Amount

Minimum initial investment is Rs. 5,000/- and in multiples of Rs. 1/- thereafter.

Subsequent minimum investment under a folio is Rs.1,000/- and in multiples of Rs. 1/- thereafter with no upper limit.



## Market Cap Exposure\*

Large Cap – 63%  
Mid Cap – 28%  
Small Cap – 9%

\* Source: Classification as per SEBI circular (SEBI / HO/ IMD/ DF3/ CIR/ P/ 2017/ 114) dated October 6, 2017. AMFI - As on 31st Dec 2021



\$ Source : MFI as on Jan 31, 2022



- **Diversified Portfolio of stable companies within the Large and Midcap segment**

The Fund shall follow a passive strategy by investing into the constituents of S&P BSE Low Volatility Index , where the index construction is based on the “**Low Volatility**” within the universe of S&P BSE LargeMidcap Index .

- “Low volatile” companies generally have lesser impact of market volatility
- “Low Volatile” companies generally mitigate drawdown
- “Low Volatile” companies represent relatively stable businesses with strong fundamentals & business models

- **Focused and Disciplined**

A diversified portfolio of stable businesses that are expected to deliver long term growth with lower volatility

- **Long Term Wealth Creation**

By investing only into companies that generate economic value the fund will endeavor to generate wealth for investors in the medium to long run

**Suitable for:**

- Investors looking to take exposure in relatively stable companies with low volatility within the universe of S&P BSE LargeMidcap Index while investing in quality businesses that generate economic value
- Investors looking for a passive fund which brings disciplined approach to the portfolio construction, while adhering to the defined selection process

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**REGISTERED OFFICE:** UTI Tower, 'GN' Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Phone: 022 – 66786666. UTI Asset Management Company Ltd (Investment Manager for UTI Mutual Fund) Email: invest@uti.co.in . (CIN-U65991MH2002PLC137867). 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.

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

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