



# UTI Investment Process & Strategy

April 2022

# About Our Equity Investment Team



**Vetri Subramaniam**  
Chief Investment Officer



**Ajay Tyagi, CFA**  
Head of Equity &  
Fund Manager



**Swati Kulkarni, CFA**  
Fund Manager



**Sharwan Goyal, CFA**  
Fund Manager



**Preethi R S**  
Research Analyst  
Banks and Financial  
Services



**Suraj Purohit**  
ESG Analyst



**V Srivatsa**  
Fund Manager



**Vishal Chopda, CFA**  
Fund Manager



**Parag Chavan, CFA**  
Research Analyst  
Metals & Mining, Building  
Materials, Consumer  
Durables



**Akash Shah**  
Investment Associate



**Ankit Agarwal**  
Fund Manager



**Kamal Gada**  
Fund Manager  
Overseas Investment  
Pharma, Fertilizer,  
Chemicals



**Deepesh Agarwal**  
Research Analyst  
Capital Goods, Textiles  
Infra – Construction, Utilities



**Ayush Jain**  
Investment Associate



**Sachin Trivedi**  
Head of Research &  
Fund Manager



**Nifin Jain**  
Research Analyst  
IT, Internet Sector,  
Oil & Gas, Media



**Nifinn Aggarwal**  
Research Analyst  
Auto OEMs and Auto  
Ancillaries



**Lokesh Kulthia**  
Investment Associate



**Amit Premchandani**  
Fund Manager



**Vicky Punjabi**  
Research Analyst  
FMCG, QSR, Retail



**Pradnya S. Ganar**  
Research Analyst  
Cement, Sugar, Hotels,  
Diagnostics and Hospitals



**Mahesh Vyas**  
Investment Associate



Haq, ek behtar zindagi ka.

Data as of March 31, 2022. Collective MF work experience of the team is **over 240 Years**. Average work experience of fund managers is **over 15 Years**. Average work experience of research analysts is about **7 Years** (based total work experience in Mutual Fund Industry). Collective overall experience of the team is **over 315 years**.

MF – Mutual Fund; FMCG – Fast-Moving Consumer Goods; QSR – Quick Service Restaurants; IT – Information Technology; HFC – Housing Finance Company; NBFC – Non-banking Finance Company

# Environment, Social & Governance (ESG)

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Signatory of:



Adoption of **Stewardship Code & Voting Policy**



**Dedicated ESG Analyst** to build the framework across all the stocks and sectors in our coverage universe

# Assets Managed by the Equity Investment Team



## UTI AMC Ltd. Group

₹ 13,48,904 Crores  
\$ 1,77,939 Million



## Equity Team

₹ 1,72,549 Crores  
\$ 22,762 Million



## UTI PMS & International (Equity)

₹ 14,371 Crores  
\$ 1,896 Million



## UTI MF (Equity)

₹ 1,31,734 Crores  
\$ 17,378 Million



## UTI MF (Hybrid)\*

₹ 26,444 Crores  
\$ 3,488 Million

**If you can't describe what you are doing as a process,  
you don't know what you're doing.**

- W. Edwards Deming

**Investment Process**



PRESENTING



# Score<sup>TM</sup>

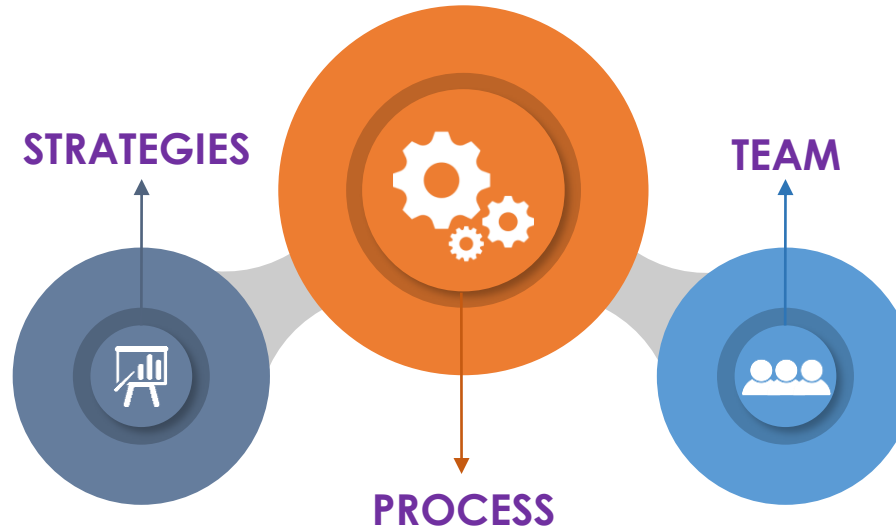
A Rigorous and Pragmatic Approach to Equity Investing





# Investment Process

- Support diverse strategies
- Style discipline



- Team driven approach
- Discussion & Review

- Standardized research methodology
- Identifying good stocks, avoiding poor stocks
- Consistency over time

**Research Methodology**

Driven by **Research Analysts**

**Portfolio Construction**

Driven by **Fund Managers**

# Responsibility Framework

## Chief Investment Officer

- Design & implementation of the process
- Oversight of all strategies & risk management
- Management & development of talent
- Responsible for overall investment performance

## Head of Equity

- Final approval of all companies in the UTI Universe along with Head of Research
- Monitoring and review of all strategies & funds
- Evaluation encompasses all funds and strategies including thematic & sector funds

## Fund Managers

- Responsible for performance of the fund relative to its benchmark
- Decides on stock and sector allocations as well as trade decision for each fund subject to risk limits & strategy discipline
- Restricted from buying stocks outside the universe and 'Not Rated' companies
- Evaluation covers multiple periods (1 to 7 years) of performance relative to benchmark as well as peer group

## Research Analysts

- Responsible for company research, typically arranged by sectors
- Expected to regularly interact with companies and other sources
- Manages a model portfolio for their respective sector/s to demonstrate relative preferences
- Scan their sector for new ideas
- Evaluated on the model portfolio over a 1 to 3 year period & their high-conviction ideas





# Score $\alpha$

A Rigorous and Pragmatic Approach to Equity Investing



## Research Methodology



Haq, ek behtar zindagi ka.

### Factors

### Why it matters?



**Operating Cash Flow  
(OCF)**

**Profits are an opinion based  
on accounting principles,  
cash is a fact**






**Return on Capital/  
Equity (RoCE / RoE)**

**When  $\text{RoCE} > \text{Cost of Capital}$ ,  
the business creates wealth**

# Operating Cash Flow (OCF) is the fuel for growth








- Profits could be distorted by accrual, amortization, non cash items & does not account for changes in working capital
- In the absence of OCF – a business has to reduce its growth plans or rely on fund raising - Equity / Debt

| Today  | Receivables Terms  | 10 Years Later               |                          |
|--|--|------------------------------|--------------------------|
|  <p><b>Capital Structure:</b><br/>Equity ₹ 1,000<br/>Net Borrowing ₹ 1,000</p> <p><b>Year 1 Revenue: ₹ 3,000</b></p> <p><b>Profit Margin: 15%</b></p> |  <p><b>Company A</b></p> <p>Receivables of <b>30 Days</b></p>   | Cumulative EBITDA<br>₹ 9,137 | Equity<br>₹ 4,040        |
|  |  | Cumulative OCF<br>₹ 6,967    | Net Borrowing<br>₹ 1,806 |
|  |  <p><b>Company B</b></p> <p>Receivables of <b>120 Days</b></p> | Cumulative EBITDA<br>₹ 9,137 | Equity<br>₹ 2,953        |
|  |  | Cumulative OCF<br>₹ 4,830    | Net Borrowing<br>₹ 5,495 |

**OCF is a Hygiene factor**

## Growth creates wealth, only if Return on Capital (RoCE) is healthy

- A business that has a healthy OCF has the ability to reinvest in its business
- When  $\text{RoCE} > \text{Cost of Capital}$ , the business creates wealth by reinvesting
- If a business cannot earn returns in excess of its cost of capital, it destroys value

| Today   | RoCE Ratio  |   | 10 Years Later           |                               |
|---|---|---|--------------------------|-------------------------------|
|  <p><b>Capital Structure:</b><br/>Equity ₹ 1,000<br/>Net Borrowing ₹ 1,000</p> <p><b>Year 1 Revenue: ₹ 3,000</b></p> | <br><b>Company A</b> |  <b>RoCE of 15%</b>   | Equity<br>₹ 5,151        | Equity Growth (CAGR)<br>17.8% |
|   |   |   | Net Borrowing<br>₹ 2,429 |                               |
|   | <br><b>Company B</b> |  <b>RoCE of 8%</b>  | Equity<br>₹ 1,777        | Equity Growth (CAGR)<br>5.9%  |
|   |   |   | Net Borrowing<br>₹ 5,803 |                               |

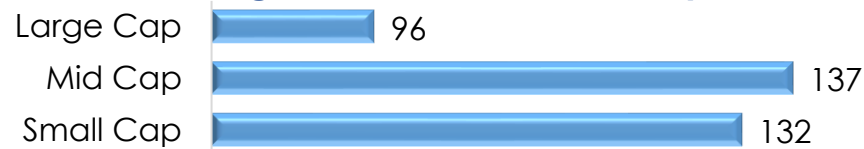
**OCF is Hygiene, RoCE creates Wealth**

# Research Methodology – Rating System

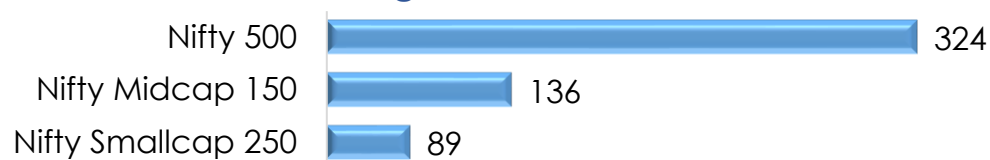
## INVESTMENT UNIVERSE



### Coverage based on Market cap



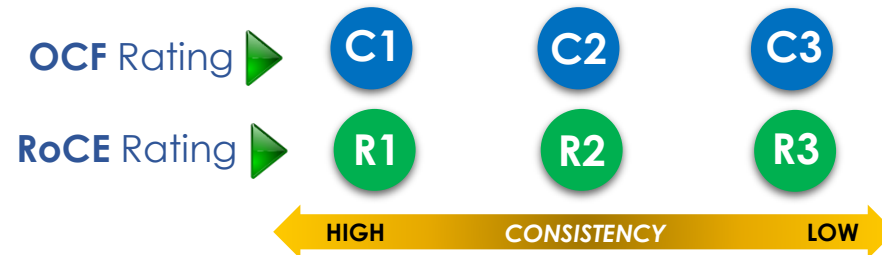
### Coverage based on Indices



## RATING PROCESS

Every company gets an **OCF & RoCE rating**  
based on its previous 5 years data

### 3 TIER RATING SYSTEM



### BREAK-UP OF TIERS

#### OCF Tiers

(Ex-Financials – 60 Companies)



#### RoCE Tiers



Operating Cash Flow Tiers (C)- 3 Tiers based on the number of years in which they have generated positive operating cash flows in the previous 5 years (for manufacturing companies). RoCE/ Implied RoE Tiers (R) - 3 Tiers based on the previous 5-year average return on capital (for manufacturing companies & non-lending nonbanking finance companies (NBFCs)) & based on the previous 5-year average return on asset for banks & NBFCs (including housing finance companies).

Portfolio Characteristics are calculated based on full market cap using weighted average methodology at aggregation.

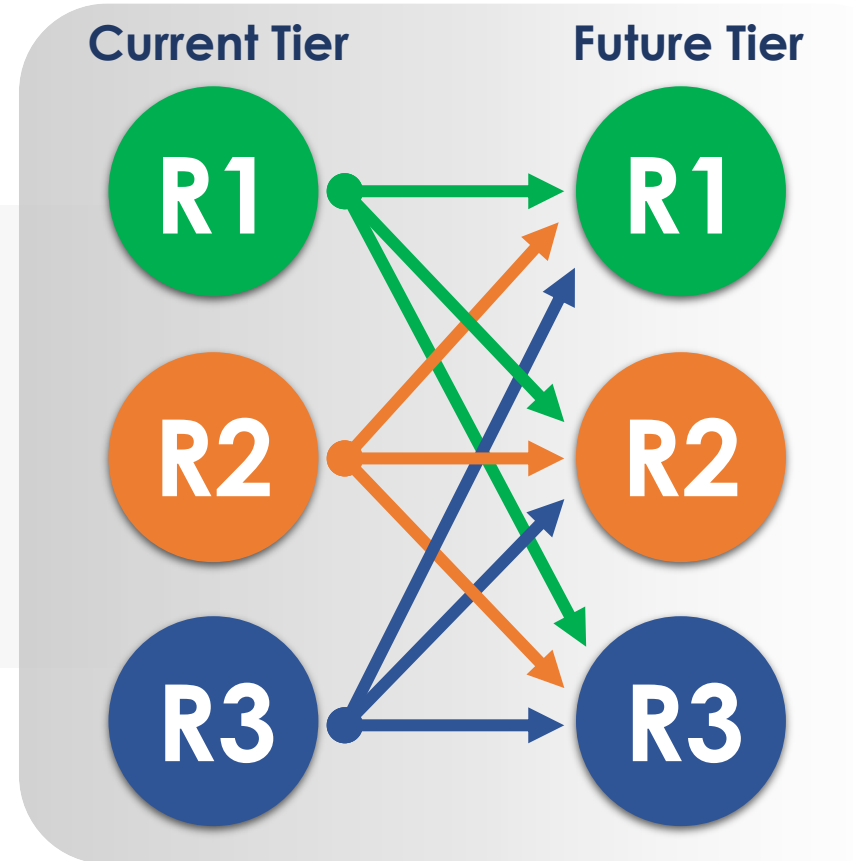
All data as of March 31, 2022

## Research Methodology – Investment Argument

- Detailed financial models for each company with 10-year history
- Checklist – Assumptions v/s History

### Investment argument is built on the tiers

- Current & Past tier ranking of the company
  - Reasons why the company would in the future maintain its tier ranking
  - Reasons why the company might undergo an upgrade/ downgrade in tier rankings
- No investment in 'Not Approved' companies
  - Management quality
  - Growth prospects
  - Valuations



**Potential migration across tiers underpins the investment argument**



## Example: Tier Migration (RoCE) from FY16 to FY21 & Price Returns

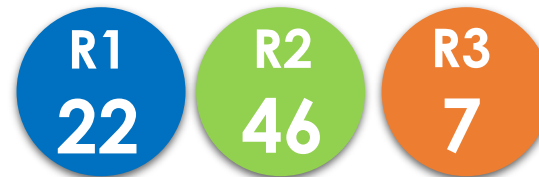
### Probability of Migration v/s Returns

#### UTI INVESTMENT UNIVERSE

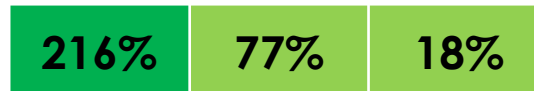
**FY16**  
No. of  
Companies



**FY21**  
No. of  
Companies



Average PTP  
Stock Returns



OCF is Hygiene, RoCE creates Wealth



# Score $\alpha$

A Rigorous and Pragmatic Approach to Equity Investing

## Portfolio Construction



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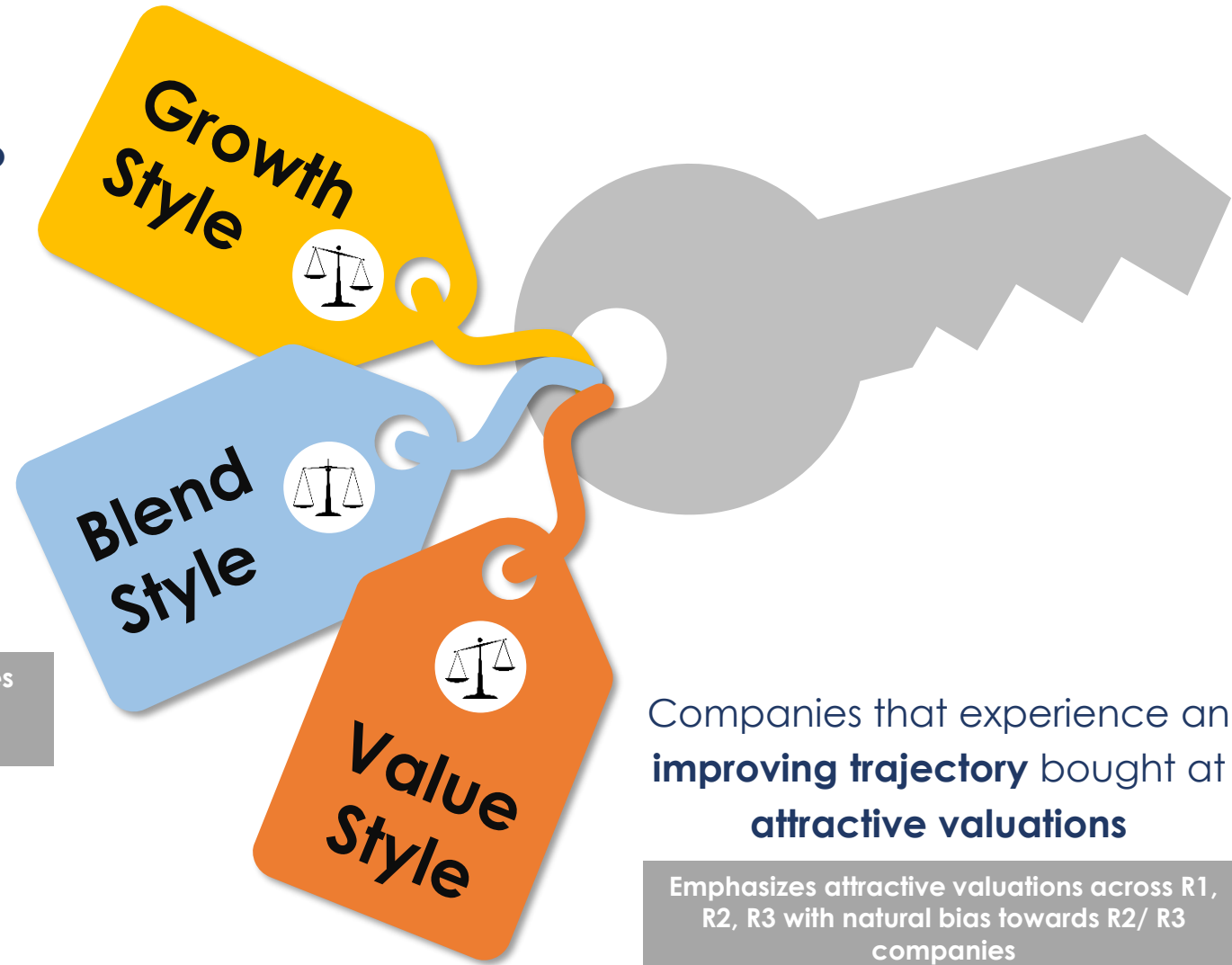
# Portfolio Construction : Diversity & Discipline

Companies that can **self-sustain** their growth and have the **ability to invest** at high rates of return

Emphasizes R1, C1 Companies

Blend of Growth & Value in varying proportions

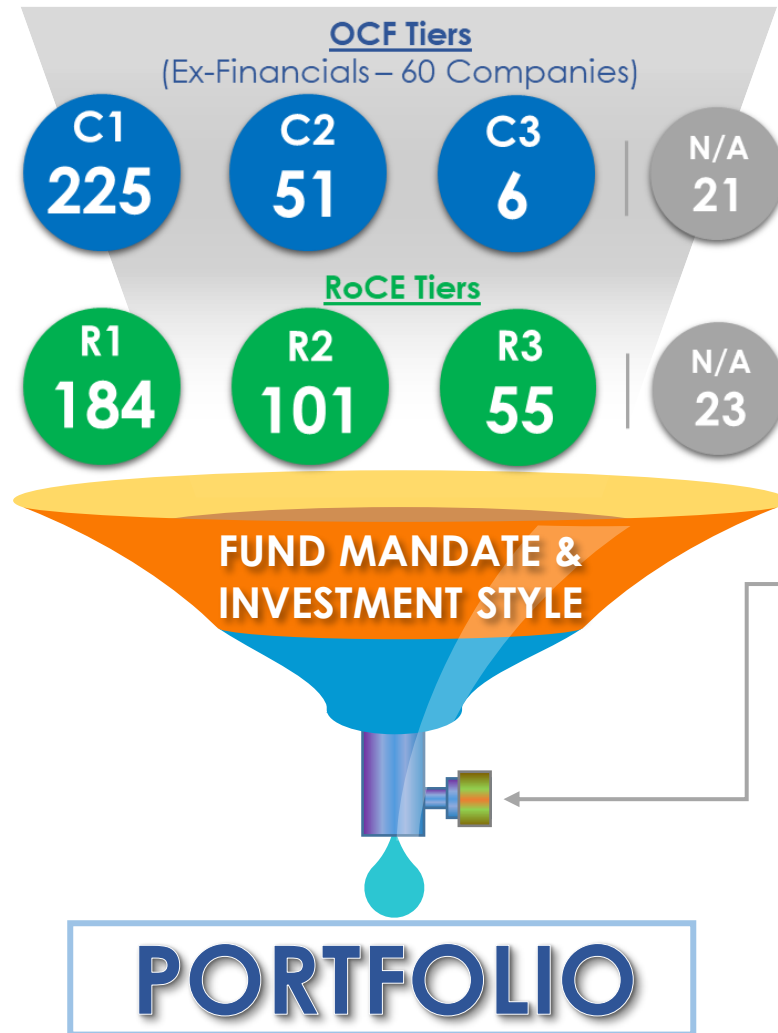
Built around a core of R1, C1 companies but also includes allocation to R2/ R3 companies



Companies that experience an **improving trajectory** bought at **attractive valuations**

Emphasizes attractive valuations across R1, R2, R3 with natural bias towards R2/ R3 companies

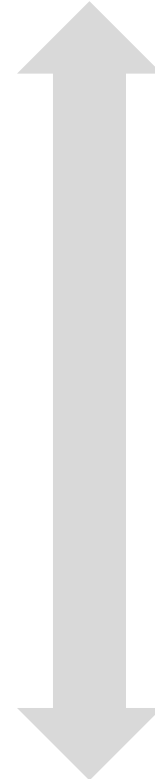
# Portfolio Construction



## Portfolio Construction driven by

- Investment Strategy as per SID
- Bottom-up / Top-down
- Stock selection – mandate & style drive choice of stocks across the OCF & RoCE tiers
- Sector view wherever applicable
- Market cap allocation
- Risk parameters – single stock/ sector/ concentration/ off benchmark

# Diverse Strategies

| SCHEME   | OCF / ROCE                     | ACTIVE SHARE | INVESTMENT STYLE    |  |
|--|--------------------------------|--------------|---------------------|--|
| <b>UTI FLEXI CAP FUND</b><br>Flexi-cap Fund          | R1 <b>86%</b><br>C1 <b>95%</b> | <b>67%</b>   | Growth              |  |
| <b>UTI SMALL CAP FUND</b><br>Small-cap Fund          | R1 <b>71%</b><br>C1 <b>76%</b> | <b>74%</b>   | Blend – Growth Tilt |  |
| <b>UTI MID CAP FUND</b><br>Mid-cap Fund              | R1 <b>62%</b><br>C1 <b>90%</b> | <b>67%</b>   | Blend – Growth Tilt |  |
| <b>UTI MASTERSHARE UNIT SCHEME</b><br>Large-cap Fund | R1 <b>58%</b><br>C1 <b>92%</b> | <b>38%</b>   | GARP                |  |
| <b>UTI FOCUSED EQUITY FUND</b><br>Focused Fund       | R1 <b>57%</b><br>C1 <b>94%</b> | <b>76%</b>   | Blend – Growth Tilt |  |
| <b>UTI LTFE (TAX SAVING)</b><br>ELSS                 | R1 <b>54%</b><br>C1 <b>94%</b> | <b>65%</b>   | Blend Approach      |  |
| <b>UTI VALUE OPPORTUNITIES FUND</b><br>Value Fund    | R1 <b>45%</b><br>C1 <b>80%</b> | <b>67%</b>   | Barbell Approach    |  |
| <b>UTI CORE EQUITY FUND</b><br>Large & Mid-cap Fund  | R1 <b>45%</b><br>C1 <b>80%</b> | <b>69%</b>   | Relative Value      | VALUE  |

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All data as of March 31, 2022



Haq, ek behtar zindagi ka.

# Agnostic to market cap strategies

1

**UTI Flexi Cap Fund**  
Flexi Cap Fund

2

**UTI Value Opportunities Fund**  
Value Fund

3

**UTI Core Equity Fund**  
Large & Mid Cap Fund

**Fund Manager/s**

Ajay Tyagi

Amit Premchandani

V Srivatsa

**Benchmark**

Nifty 500 TRI

Nifty 500 TRI

Nifty LargeMid Cap 250 TRI

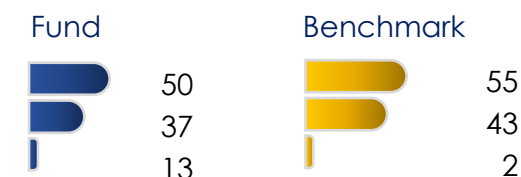
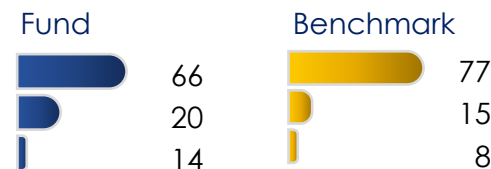
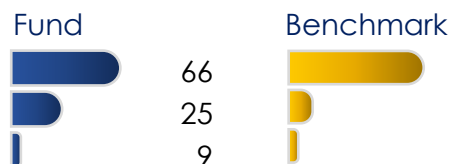
## Key Highlights

- A Flexi cap portfolio that endeavours to pick high quality businesses in secular growth industries
- The Fund focuses on companies which can generate high cash flows with stability in revenues and earnings growth
- Follows a pure bottom-up approach in stock selection
- Avoids cyclical which have sustainability challenges

- The Fund following value investment strategy
- Follows “Barbell approach” for its stock picking which is buying what the market underestimates
- Blend of Top-down & Bottom-up approach
- The fund has the flexibility to operate across the market cap spectrum following the “Value” style of investment

- Predominantly invests in large caps & mid cap stocks
- Preferred metric relative valuation versus history or peer in picking quality companies aims for margin of safety
- Focus on growth opportunities at reasonable valuations for picking mid & small-caps
- Exposure to leaders, when the cycle is adverse in order to benefit from mean reversion

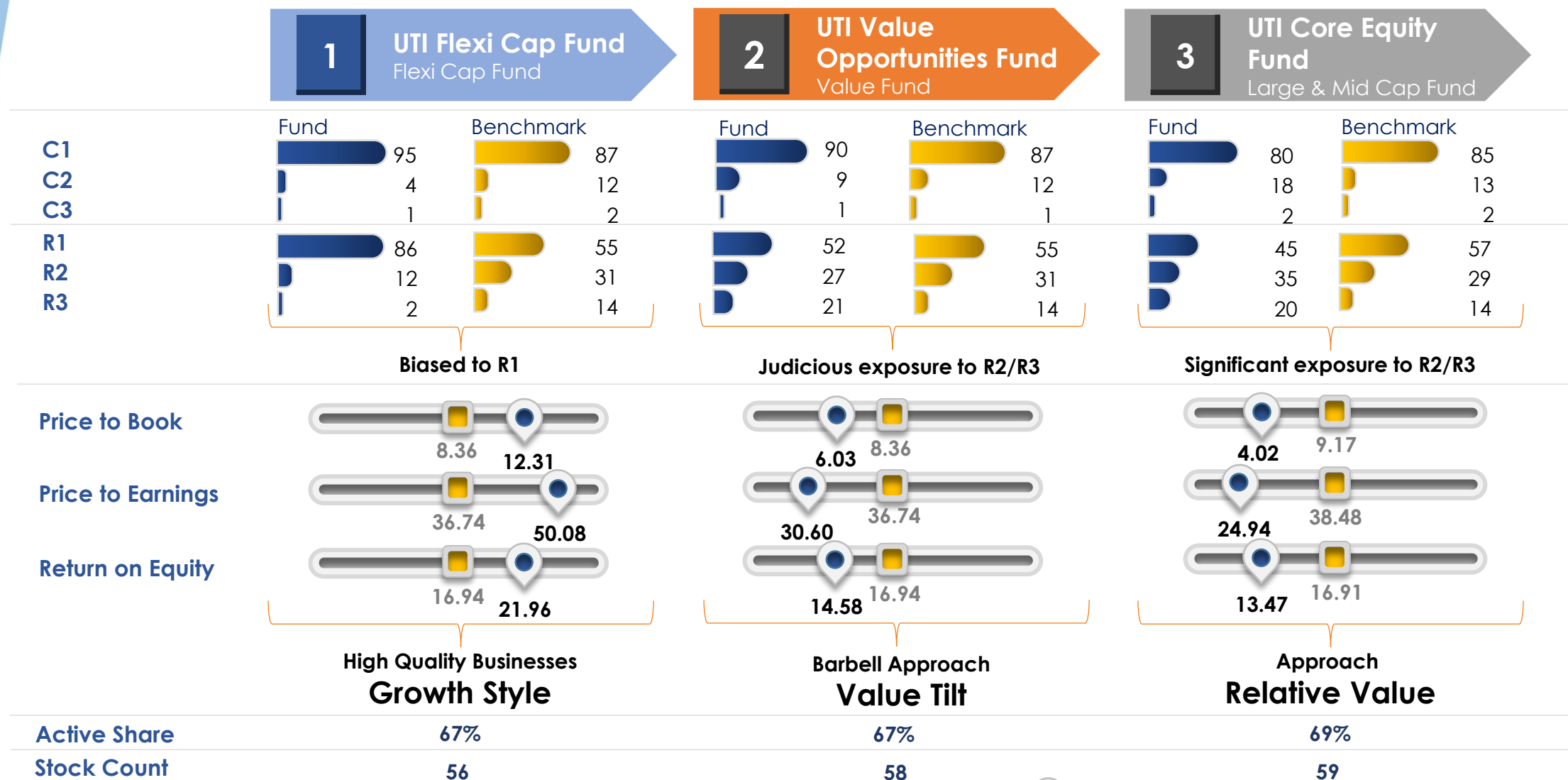
**Large Cap**  
**Mid Cap**  
**Small Cap**



Haq, ek behtar zindagi ka.



# Agnostic to market cap strategies (contd.)



Operating Cash Flow Tiers (C)- 3 Tiers based on the number of years in which they have generated positive operating cash flows in the previous 5 years (for manufacturing companies).  
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Fund Benchmark



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# Market cap based strategies

1

**UTI Mastershare  
Unit Scheme**  
Large Cap Fund

2

**UTI Mid Cap Fund**  
Mid Cap Fund

3

**UTI Small Cap Fund**  
Small Cap Fund

**Fund Manager/s**

Swati Kulkarni

Ankit Agarwal

Ankit Agarwal

**Benchmark**

S&P BSE 100 TRI

Nifty Midcap 150 TRI

Nifty Smallcap 150 TRI

**Key Highlights**

- A large cap dominant portfolio
- Focuses on businesses with competitive franchise
- Follows growth at reasonable price (GARP)
- Adheres to top-down approach for sector selection and bottom-up approach for stock picking within a sector
- Performance track record of over 35 years across the market cycles

- Focuses on scalable business models and long growth runway
- While having pure bottom-up approach, invests with a blend of both value and growth style with a growth bias
- The Fund follows a patient long-term approach towards the companies in its portfolio
- The Fund maintains a diversified portfolio and is subject to top-down risk management & prudential norms

- Aims to exploit ample growth opportunities of small caps and select mid-caps
- A well-diversified portfolio of scalable businesses with long growth runway
- 360° risk assessment framework to identify good stocks and avoid poor stock
- Pursue bottom-up stock selection approach to pick businesses with healthy financials and potential for sustenance of margins

**Large Cap**  
**Mid Cap**  
**Small Cap**

Fund



88

8

4

Benchmark



95

5

0

Fund



12

67

21

Benchmark



13

83

4

Fund



0

18

82

Benchmark



0

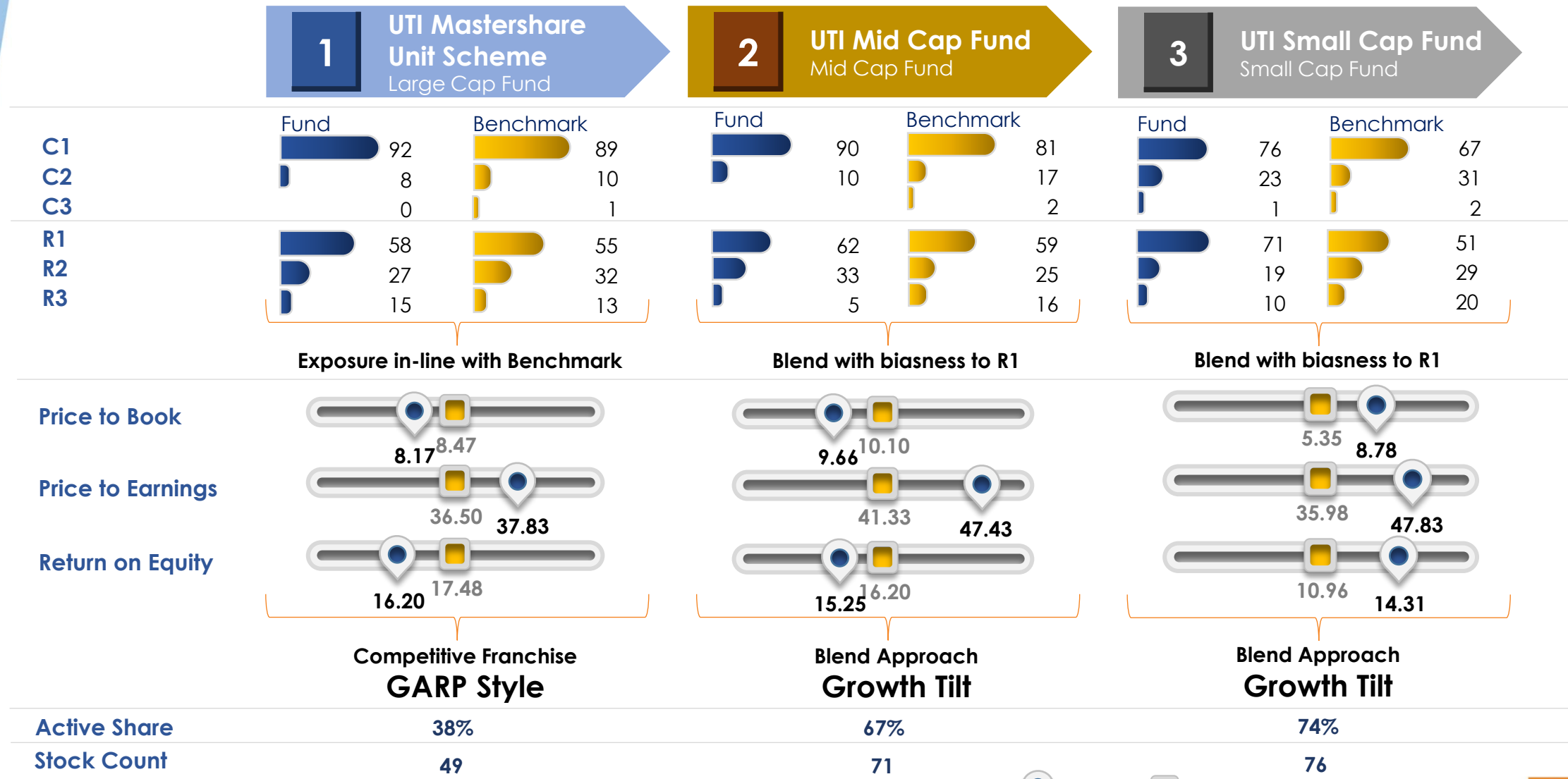
2

98



Haq, ek behtar zindagi ka.

# Market cap based strategies (contd.)



 Fund
  Benchmark

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## Other strategies

1

### UTI Focused Equity Fund Focused Fund

2

### UTI LTEF (Tax Saving) ELSS

**Fund Manager/s**

Vetri Subramanian

Vishal Chopda

**Benchmark**

Nifty 500 TRI

Nifty 500 TRI

#### Key Highlights

- Exposure to hand-picked high-conviction ideas
- Maximum of 30 stocks across sectors and market capitalization enables optimal portfolio diversification
- Uniquely positioned with distinct portfolio relative to broader market indices with potential for alpha creation

- The Fund is agnostic to market capitalisation and follows a strategy which is blend of growth & value style
- The Fund intends to keep large cap in 55-65% range and mid small cap in 35-45% range
- The Fund looks to generate alpha by stock selection across large, mid and small caps with less reliance on sector positioning
- Investments eligible for tax benefits under Section 80C of the Income Tax Act, 1961

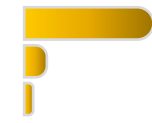
Large Cap  
Mid Cap  
Small Cap

Fund



68  
26  
6

Benchmark



77  
15  
8

Fund



61  
21  
18

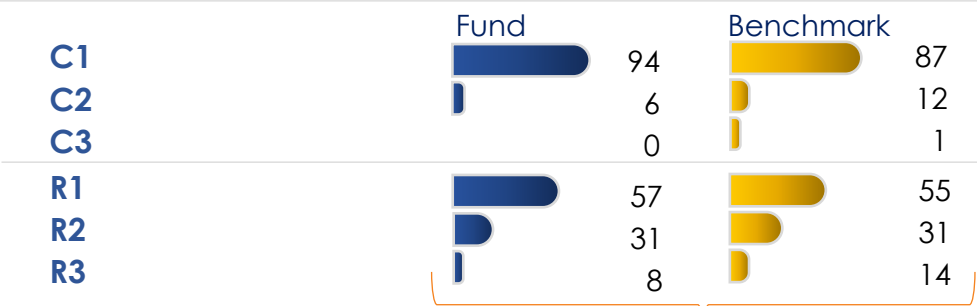
Benchmark



77  
15  
8

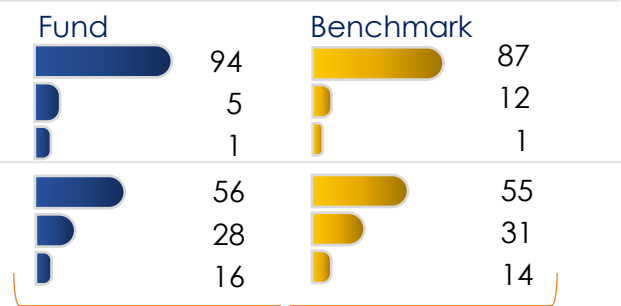
Other strategies (contd.)

1 UTI Focused Equity Fund  
Focused Fund



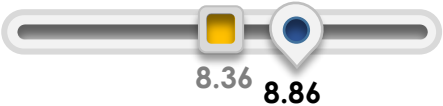
Blend with biasness to R1

2 UTI LTEF (Tax Saving) ELSS



Exposure in-line with Benchmark

Price to Book



Price to Earnings



Return on Equity



Blend Approach  
Growth Tilt



Approach  
Blend

Active Share

76%

Stock Count

30

65%

66

Fund Benchmark

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# Risk Management Framework



## Portfolio – Sector & Stock Limits

| Category               | Sector level                              | Stock level   |                                     |                        |   |
|------------------------|---|---|-------------------------------------|------------------------|---|
|                        |   | Forming part of Benchmark (MAX)                           | Not forming part of Benchmark (MAX) | Top 10 holdings (MAX)* | Minimum Number of Stocks                |
| <b>Diversified</b>     | 35% or BM plus 12% (Whichever is lower)   | 10.00%  | 5.00%                               | 55%                    | 30                                      |
| <b>Mid Cap</b>         | 35% or BM plus 12% (Whichever is lower)   | 6.00%   | 3.50%                               | 35%                    | 35                                      |
| <b>Small Cap</b>       | 35% or BM plus 12% (Whichever is lower)   | 5.50%   | 3.00%                               | 30%                    | 35                                      |
| <b>Thematic</b>        | 40% or BM plus 20%, (Whichever is higher) | 10.00%  | 10.00%                              | 60%                    | 25                                      |
| <b>Focused</b>         | 40% or BM plus 20%, (Whichever is higher) | 10.00%  | 10.00%                              | 70%                    | 20                                      |
| <b>Sector</b>          | N/A                                       | 10% or BM Weight (Whichever is higher)                    | 9.50%                               | N/A                    | 15 or stocks in BM (Whichever is lower) |
| <b>SEBI prescribed</b> | N/A                                       | 10%<br>In case of Index/ Sector funds: Up to index weight |                                     |                        |   |

\*specified number in the column or weightage of Top 10 in benchmark, whichever is higher

**Company Exposure:** Not more than 7% of company's equity

**Cash Limit:** 10% of the portfolio (not applicable for hybrid/ solution funds investing in equity)

Above limits are not applicable to Arbitrage Fund / Passive Funds / Arbitrage Positions

Note: Above limits are internal prudential norms

BM - Benchmark



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# Risk Management – The Process

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- **Stock specific risk**

- Quality of primary research
- OCF & RoCE emphasis

- **Selling discipline**

- Fundamentals deteriorate
- Better alternatives available
- Stock is 'Not Approved'

- **Portfolio risk**



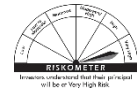








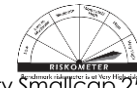

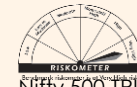


- Single stock/ sector/ concentration/ off benchmark limits
- Consistency in tier allocation
- Consistency in Portfolio positioning vs Benchmark

## Risk Management – Review

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- **Monthly risk report – from Risk management team**
- **Steering Committees, comprising of Head of Equity, Senior Fund Manager/s along with representative of strategic partner/s, formally oversee**
  - Investment (Funds & Research) strategy
  - HR policy & related issues in the team
  - Performance measurement metrics
  - Fund performance attribution
- **Periodic Review Meetings with Investment Committee /Managing Director**
- **Regular Reporting and Presentation to the Board of UTI Asset Management Company Limited and UTI Trustee Company Private Limited**

# Product Label

| Name of the Scheme  | This product is suitable for investors who are seeking*  | Scheme Riskometer#  | Benchmark Riskometer#   |
|---|--|---|---|
| <b>UTI Mastershare Unit Scheme</b><br>(Large Cap Fund - An open ended equity scheme predominantly investing in large cap stocks)                        | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment predominantly in equity instruments of large cap companies</li> </ul>  |    | <br>S&P BSE 100 TRI        |
| <b>UTI Core Equity Fund</b><br>(Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks)                      | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment predominantly in equity instruments of both large cap and mid cap companies</li> </ul>                             |    | <br>Nifty LargeMid 250 TRI |
| <b>UTI Mid Cap Fund</b><br>(Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks)                                       | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment predominantly in mid cap companies</li> </ul>  |    | <br>Nifty Midcap 150 TRI   |
| <b>UTI Value Opportunities Fund</b><br>(Value Fund - An open ended equity scheme following a value investment strategy)                                 | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment in equity instruments following a value investment strategy across the market capitalization spectrum</li> </ul>   |    | <br>Nifty 500 TRI          |
| <b>UTI Flexi Cap Fund</b><br>(Flexi Cap Fund - An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)               | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment in equity instruments of companies with good growth prospects across the market capitalization spectrum</li> </ul> |    | <br>Nifty 500 TRI          |
| <b>UTI Small Cap Fund</b><br>(Small Cap Fund - An open ended equity scheme predominantly investing in small cap stocks)                                 | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment predominantly in equity and equity related securities of small cap companies</li> </ul>                            |    | <br>Nifty Smallcap 250 TRI |
| <b>UTI Focused Equity Fund</b><br>(Focused Fund - An open ended equity scheme investing in maximum 30 stocks across market caps)                        | <ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment in equity and equity related securities across market capitalisation in maximum 30 stocks</li> </ul>               |   | <br>Nifty 500 TRI         |
| <b>UTI Long Term Equity Fund (Tax Saving)</b><br>(ELSS - An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit) | <ul style="list-style-type: none"> <li>Long term capital growth</li> <li>Investment in equity instruments of companies that are believed to have growth potential</li> </ul>                                 |  | <br>Nifty 500 TRI        |

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

#Risk-o-meter for the fund is based on the portfolio ending March 31, 2022. The Risk-o-meter of the fund/s is/are evaluated on monthly basis and any changes to Risk-o-meter are disclosed vide addendum on monthly basis, to view the latest addendum on Risk-o-meter, please visit addenda section on <https://utimf.com/forms-and-downloads/>

# Reference Slide

## Assumptions: Illustration on OCF & RoCE analysis (slide 12 & 13)

### Common Assumptions

|                       |   |         |
|-----------------------|---|---------|
| Gross Block           | - | ₹ 2,000 |
| Gross Assets Turnover | - | 1.5     |
| Interest Cost         | - | 10%     |
| Investment Income     | - | 8%      |
| Tax Rate              | - | 30%     |
| Revenue Growth        | - | 15%     |

### Specific to OCF

|               |   |     |
|---------------|---|-----|
| EBITDA Margin | - | 15% |
|---------------|---|-----|

### Specific to RoCE

|                      |   |         |
|----------------------|---|---------|
| Working Capital Days | - | 90 days |
|----------------------|---|---------|

## Rating Process (slide 12)

| Sectors                              |              | C1                         | C2                                | C3                                   |
|--------------------------------------|--------------|----------------------------|-----------------------------------|--------------------------------------|
| All companies (excluding Financials) | Positive OCF | In all previous 5 years    | in 3 or 4 of the previous 5 years | In 2 or less of the previous 5 years |
|                                      |              | R1                         | R2                                | R3                                   |
|                                      | RoCE         | > 18%<br>(5 year average)  | 10% - 18%<br>(5 year average)     | <=10%<br>(5 year average)            |
|                                      |              | R1                         | R2                                | R3                                   |
| Banks & HFCs                         | RoA          | > 1.2%<br>(5 year average) | 0.8% - 1.2%<br>(5 year average)   | <=0.8%<br>(5 year average)           |
| NBFCs (excluding HFCs)               | RoA          | > 2.4%<br>(5 year average) | 1.8% - 2.4%<br>(5 year average)   | <=1.8%<br>(5 year average)           |
| Non-lending Financials               | RoE          | > 15%<br>(5 year average)  | > 10% - 15%<br>(5 year average)   | <=10%<br>(5 year average)            |

**Period of Analysis – 24 years**  
(FY 1997 to 2020)

Universe of companies analyzed  
- **1280 companies** (includes MF industry holdings, S&P BSE 500 Index companies since 2002)

**OCF** – Operating Cash Flows

**RoCE** – Return on Capital Employed  
(EBIT/Avg. capital employed)

**RoA** – Return on Asset

**RoE** – Return on Equity

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**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](mailto: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.

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



Haq, ek behtar zindagi ka.

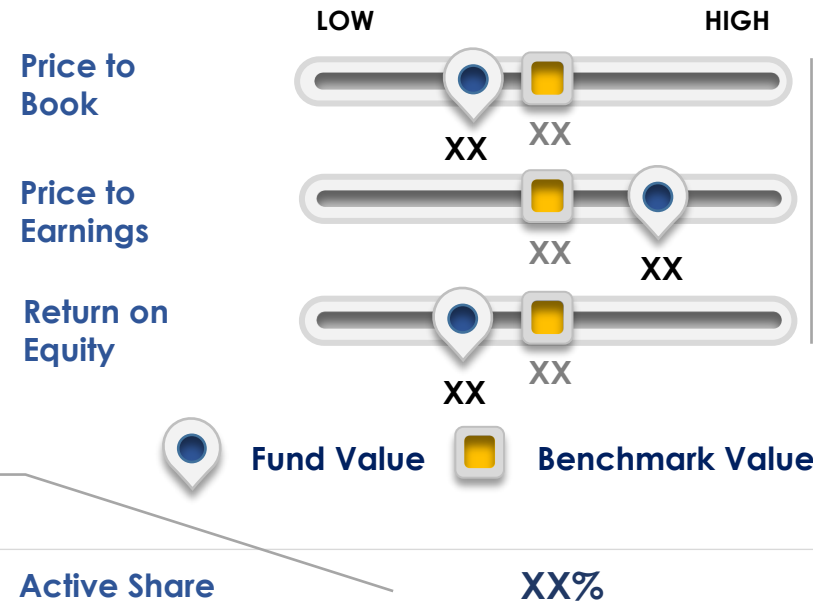


# Portfolio Construction – Monitoring Consistency & Style Discipline

All strategies have a bias towards C1 rated companies but allocation to C2/C3 companies could increase in value oriented strategies

| Portfolio Composition# | OCF |     | ROCE |     |
|------------------------|-----|-----|------|-----|
|                        | C1  | XX% | R1   | XX% |
|                        | C2  | XX% | R2   | XX% |
|                        | C3  | XX% | R3   | XX% |

A portfolio with significant R1 share implies a growth preference and a portfolio with significant R2 / R3 companies is tilting towards value

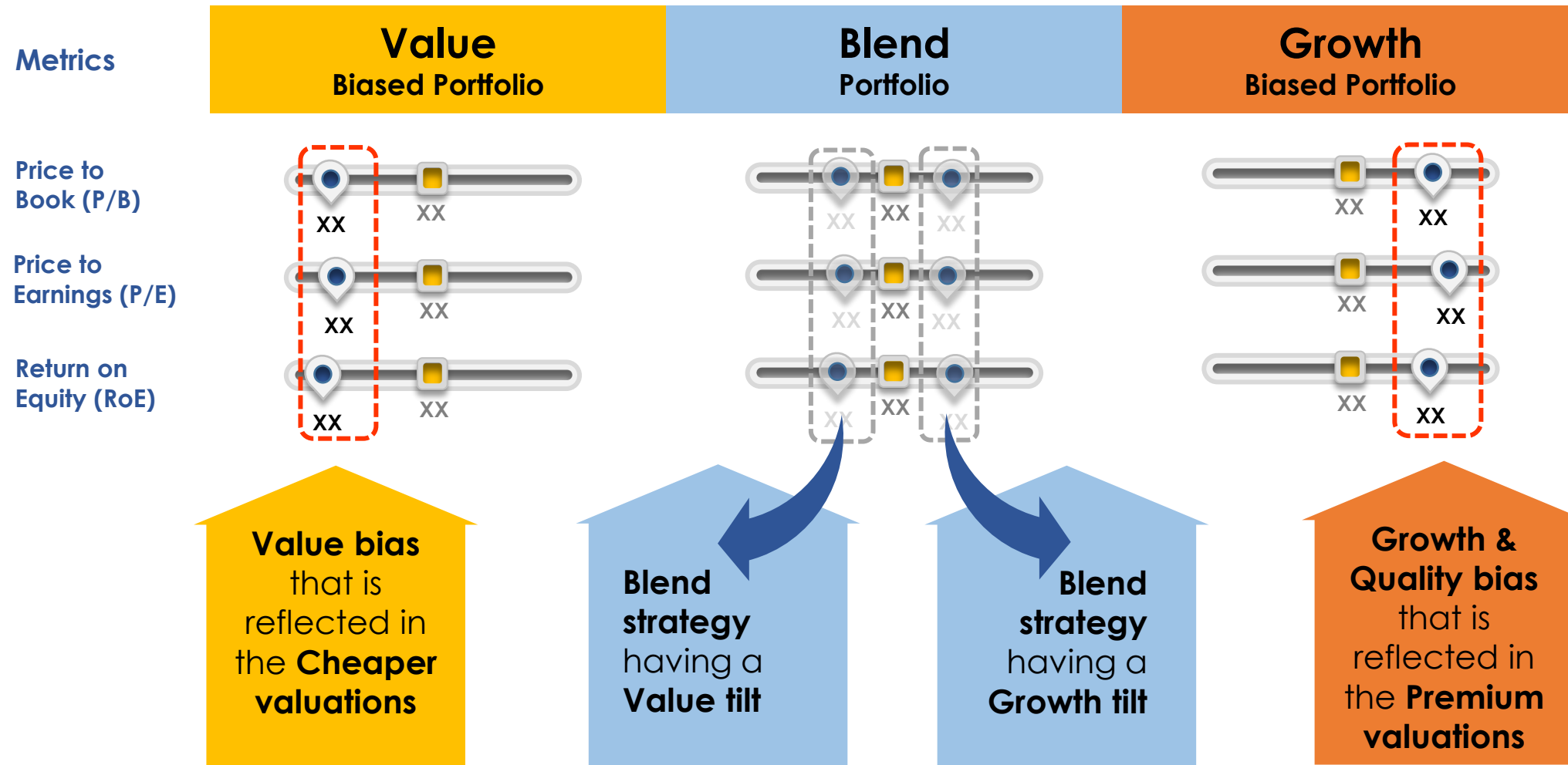


Percentage of portfolio that is distinct from the Benchmark; higher active share implies greater portfolio uniqueness and potential for higher alpha generation

Metrics Vis., P/B, P/E, RoE, lower to the Benchmark implies portfolio has a value bias and emphasizes attractive valuations; likewise metrics that are higher to the Benchmark implies portfolio has a growth & quality bias that is reflected in the premium valuations

**Style discipline measured through continuous monitoring of values vis-à-vis Benchmark**

# Portfolio Construction – Style Check



 Fund Value  Benchmark Value