

# UTI FIXED INCOME INVESTMENT FRAMEWORK



**GIMS**  
A Systematic Approach to Debt Investing



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



*The **process** is more **important** than the results.  
And if you take care of the process, you will  
get the **results**.”*

*– M.S. Dhoni*



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- **GIMS Investment Process**

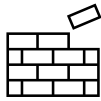
- An Overview

- **GIMS Framework**

- Gate
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- Monitoring & Surveillance

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# UTI Fixed Investments: The “GIMS” Framework



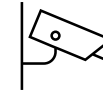
## GATE

- Encompasses **issuer onboarding** through rigorous analysis and research process
- Aims to **build the investment universe** in line with investment policies



## INVESTMENTS

- **Comprehensive** fund strategy framework
- Incorporates:
  - **Fund Strategy** and Style
  - **Risk management** Framework
  - Potential Risk Class Matrix
- Risk Limits are central to strategy
- Experienced team
- Best in class front-office, active monitoring



## MONITORING & SURVEILLANCE

- Monitoring and review of investment universe
- Market Data Analytics
- Early Warning Signal (EWS) parameters
- Use external sources for added surveillance
- Automation for increased efficiency

A Systematic Approach to Debt Investing

# GIMS Investment Process – An Overview



Scheme Information Document

(Fund Objective/Category/PRC/RMF)

# Responsibility Framework

## Chief Investment Officer

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

## Head of Fixed Income

- Monitoring and review of all strategies & funds
- Evaluation encompasses all funds and strategies
- Involved in the approval process of all companies in UTI universe as part of EIC committee along with CIO

## Fund Managers

- Accountable for performance of the fund relative to its peers
- Responsible for portfolio construction/ trade decision, subject to fund framework & strategy discipline
- Restricted from taking exposure in issuers outside the investment universe and credit team categorized red issuers
- Evaluation covers multiple periods (3 months to 5 years) of performance relative to peer group w.r.t category

## Credit Research Team

- Responsible for issuer/sectoral research
- Regular review and monitoring of issuers
- Recommendations to fund managers on investment limits/tenures and risk categorization of the issuers
- Regularly interact with managements, rating agencies, in-house equity team
- Evaluate new, potential issuers for inclusion in investment universe
- Analysts evaluated based on credit migration of their respective portfolio companies

## Portfolio Analyst

- Responsible for coverage of portfolio analysis and market intelligence
- To cover peer portfolio analysis periodically and highlight key trends
- Monitor MF portfolios for new issuers to include in UTI universe
- Review and Surveillance of UTI Fund portfolios as per fund strategy and framework



# UTI Fixed Income Investment Team



**Vetri Subramaniam**  
CIO



**Amandeep Chopra**  
Head of Fixed Income



**Anurag Mittal**  
Deputy Head -  
Fixed Income

## Mutual Funds



**Sudhir Agarwal**  
Fund Manager



**Ritesh Nambiar**  
Fund Manager



**Sunil Patil**  
Fund Manager



**Amit Sharma**  
Fund Manager



**Jaydeep Bhowal**  
Fund Manager

## Research & Portfolio Analyst



**Vaibhavi Kamat**  
Research Analyst



**Siddhay Saikar**  
AFM & Research Analyst



**Subhradeep Mitra**  
Research Analyst



**Ravi Agarwal**  
Research Analyst

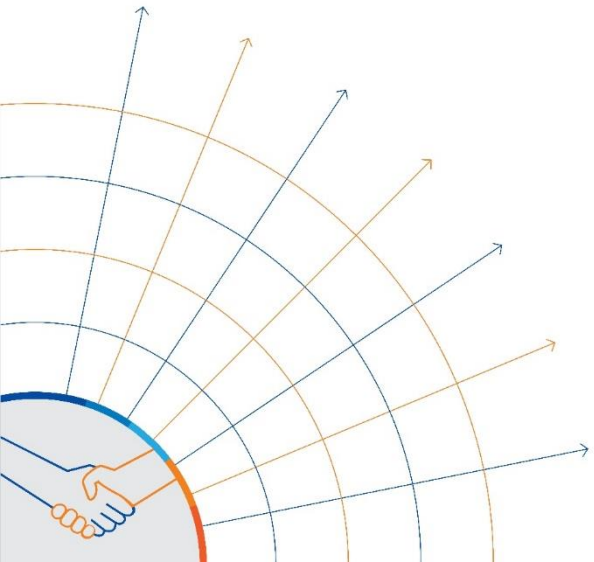


**Suraj Bafna**  
Portfolio Analyst



**Chirag Sureka**  
Research Analyst

# “Gate”





# GATE: Research Team and Processes

## Team

4 Credit Analysts +  
1 Portfolio Analyst +  
Head of Credit  
Research

## Financial Analysis

Financial modelling and  
analysis  
  
Assessment of liquidity  
and repayment ability.

## Stress testing

Comprehensive model  
covering business cycles

## Assessment of Corporate Governance (CG)

In-house CG Scorecard with multiple  
parameters to assess corporate  
governance practices while on-  
boarding the non-PSU issuers

## Exposure Tracking

Tracking of Industry wide  
exposure to issuers.

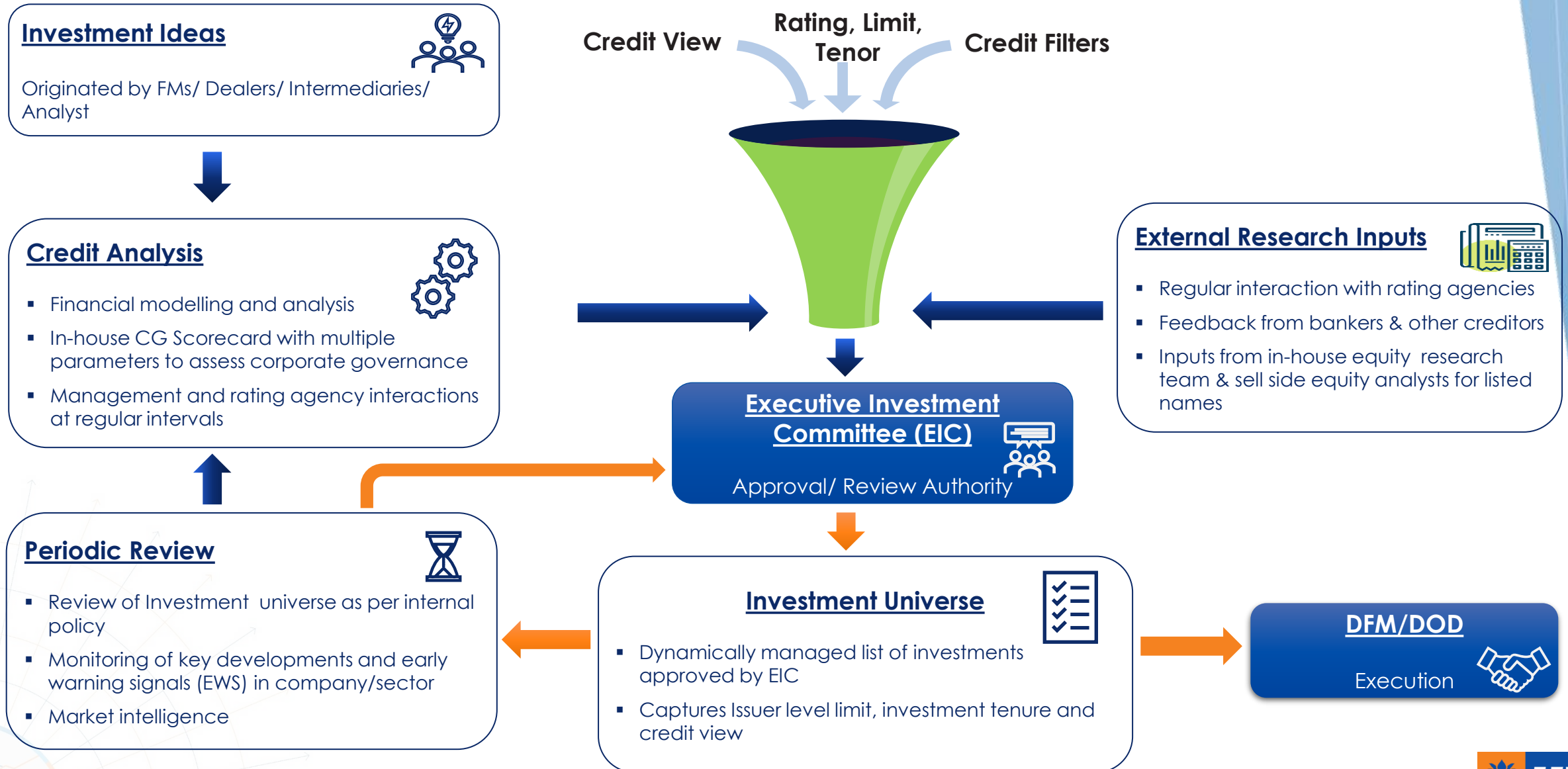
## Executive Investment Committee (EIC)

Committee for approval and review  
of issuer limits & tenor  
(CIO, Head of Risk, Head of Dealing,  
HoFI, Dy HoFI)

## Market Intelligence/ Information Source

UTI Equity Research Team  
  
Management and rating agency interactions at  
regular intervals  
  
Market intelligence from the data aggregator services  
  
External feedback from sell-side analysts,  
lenders/broking firms, etc.

# GATE: Fixed Income Research Process



# GATE: Credit Assessment Parameters

- **Assessment of repayment ability** over investment horizon
- Setting up **issuer limits (ST and LT)** linked to **internal credit rating**, to ensure **portfolio granularity**
- **Adequacy of security and covenants** in the term sheet

## ST EXPOSURES



**up to 12 months**

- Emphasis on liquidity up to 12 months
- Cash, liquid investments and sanctioned bank lines
- Assessment of quarterly cashflows

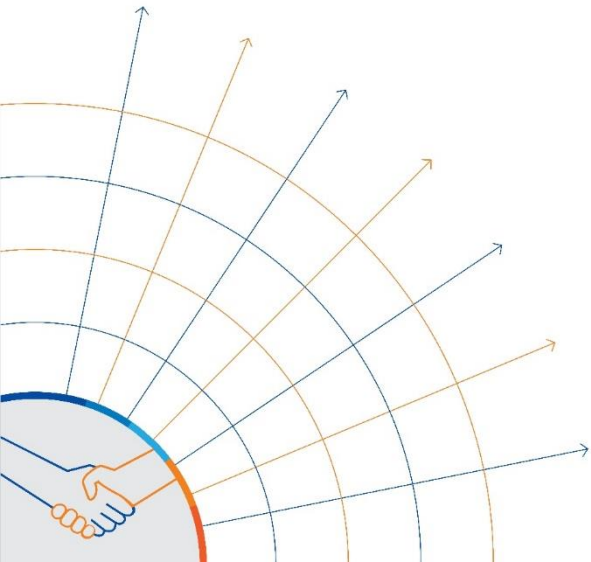
## LT EXPOSURES



**12 months or longer**

- Financial modelling and analysis
- Assessment of liquidity and repayment ability

# “Investments”





## Fund Strategy

- Investment strategy for each fund defines the mandate & style



## Risk Management Framework

- Defines the credit rating framework for each fund
- Rating floor
- Maximum exposure the fund can take at the rating floor



## Potential Risk Class

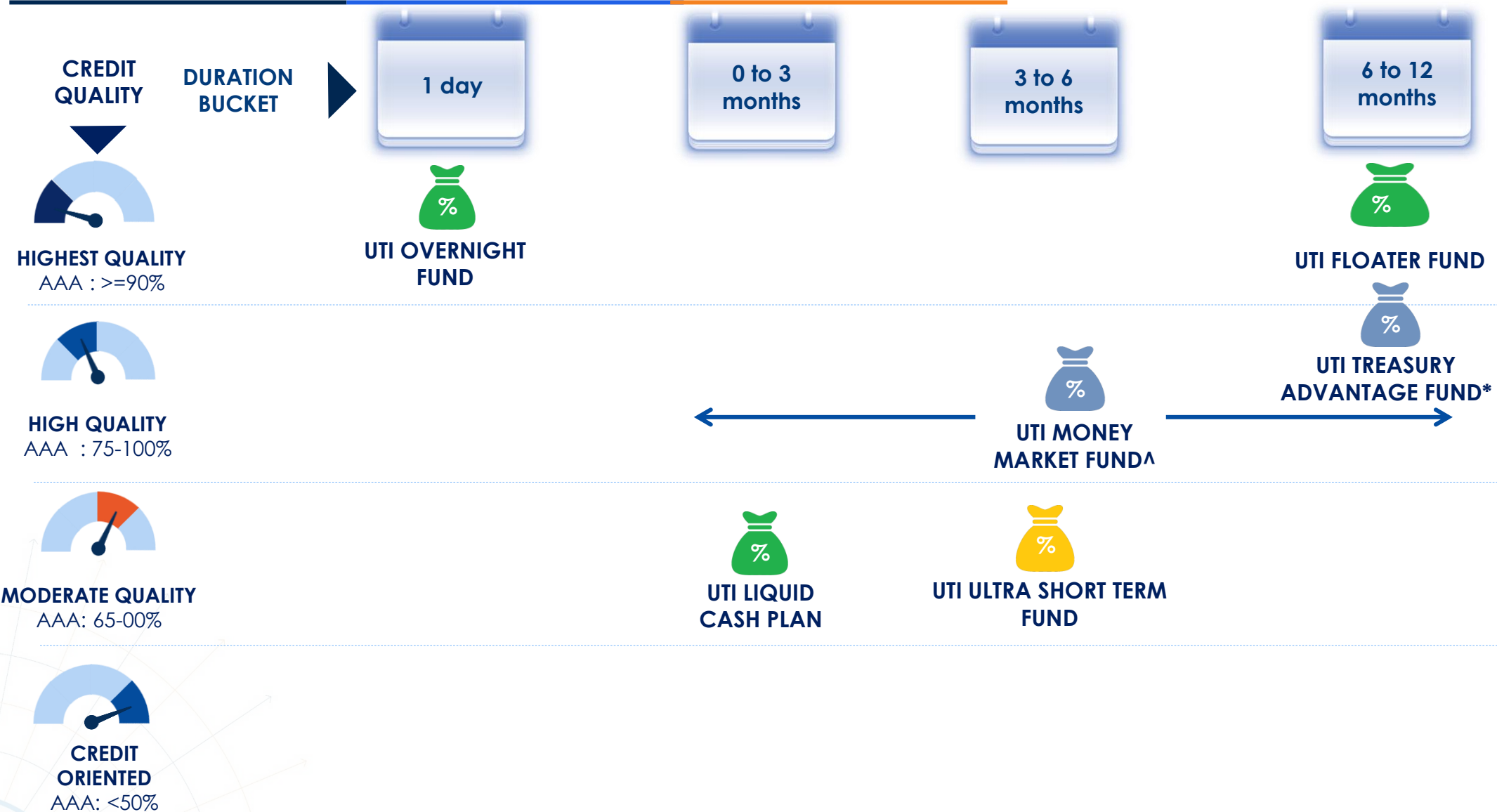
- Defines the duration boundaries for each fund
- Minimum Credit score (implying the maximum credit risk) each fund can take



## Liquidity Risk Management Framework

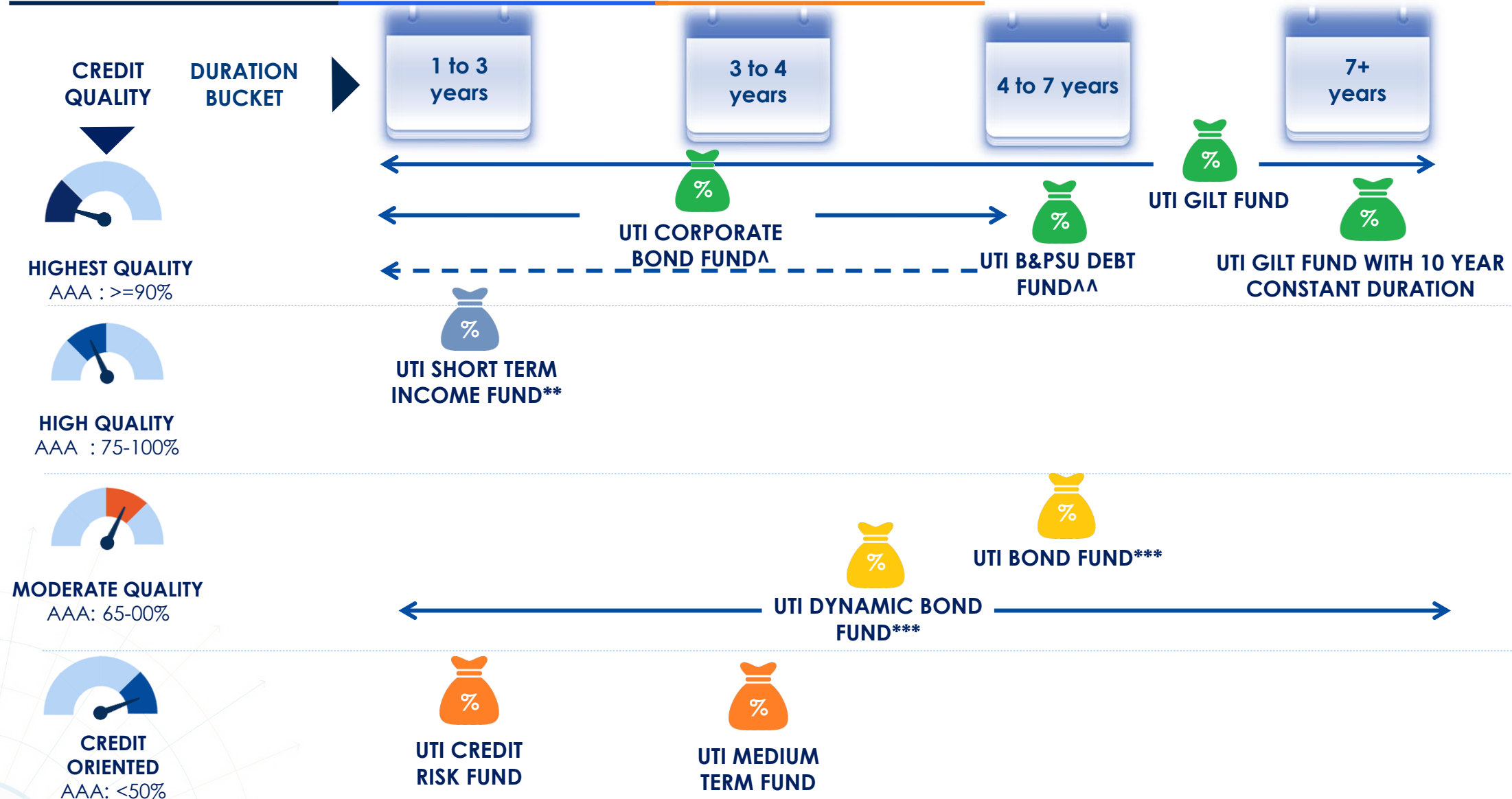
- AMFI Guidelines
- Defines liquidity to be maintained for potential & conditional redemptions (Back-tested & ALM based)

# Fixed Income – Fund Strategy <=1yr: Duration vis-a-vis Credit Quality





# Fixed Income – Fund Strategy >1yr: Duration vis-a-vis Credit Quality



As per internal prudential norms: <sup>^</sup> Portfolio Duration 1-5years; <sup>^^</sup> Following a 5-year roll-down strategy starting June 2022; <sup>\*\*</sup> Portfolio Credit Quality : 80-100% AAA

<sup>\*\*\*</sup> Portfolio Credit Quality : 70-100% AAA

Short Term ratings are mapped to Issuer long term ratings; AAA Includes AAA(SO), NCA and Sovereign instruments

# INVESTMENTS: Credit Risk - Potential Risk Class (PRC)

Max Credit Risk of the scheme → Max Interest Rate Risk of the scheme ↓	Relatively Low (Class A)		Moderate (Class B)		Relatively High (Class C)	
Relatively Low (Class I)	A-I	UTI Overnight Fund	B-I	UTI Liquid Cash Plan UTI Money Market Fund	C-I	-
Moderate (Class II)	A-II	-	B-II	UTI Ultra Short Term Fund UTI Treasury Advantage Fund	C-II	-
Relatively High (Class III)	A-III	UTI Corporate Bond Fund* UTI Gilt Fund	B-III	UTI Bond Fund UTI Short Term Income Fund* UTI Floater Fund* UTI Dynamic Bond Fund UTI Banking & PSU Debt Fund*	C-III	UTI Medium Term Fund UTI Credit Risk Fund

**Interest Rate Risk:** Weighted Average Interest Rate Risk of the scheme (measured in terms of Macaulay Duration)

- Class I: (MD ≤ 1 year): Relatively low-interest rate risk
- Class II: (MD ≤ 3 years): Moderate interest rate risk
- Class III: Any Macaulay duration: Relatively high-interest rate risk

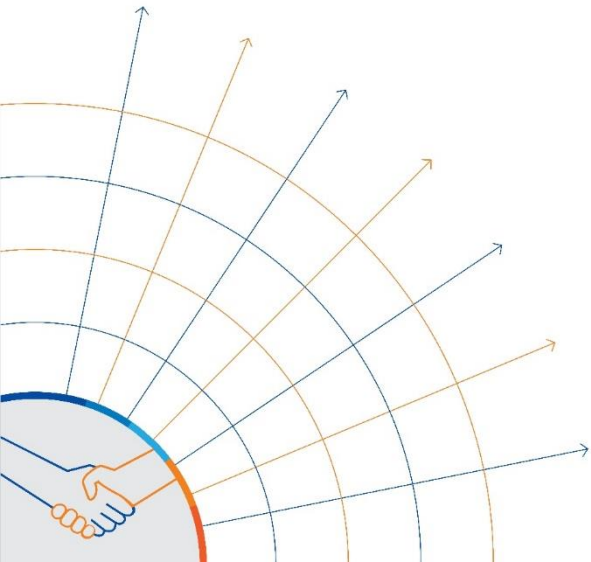
**Credit Risk: Maximum** Weighted Average Credit Risk of the scheme (measured in terms of Credit Risk Value - CRV)

- Class A (CRV ≥ 12): Relatively low credit risk
- Class B (CRV ≥ 10): Moderate credit risk
- Class C (CRV < 10): Relatively high credit risk

# Liquidity Risk Management Framework – AMFI Guidelines

- Liquidity threshold is calculated on a monthly basis to assess the level of liquidity required at a scheme level
- **Factors considered to estimate Liquidity Requirement**
  - Quantum of investment in different categories, based on the amount of investment
  - Concentration by distributor & Investors
  - Type of scheme (threshold percentages specified by AMFI)
- **Types of Liquidity Calculated**
  - **Redemption at Risk (RaR)** - To represent the likely outflows at 95% confidence interval
  - **Conditional Redemption at Risk (CRaR)** - to represent the behavior of the tail above 95% confidence interval
- **LR-RaR and LR-CRaR are required to be maintained on a daily basis**
  - Eligible Assets for RaR include Cash, Government Securities, T-bills and Repo on Government Securities
  - For CRaR: In addition to above assets, A1+ (LT rated AAA) and AAA rated assets can be Included

# “Monitoring & Surveillance”



# MONITORING & SURVEILLANCE

CRITERIA	MONITORING INTERVAL	ACTIONABLE	COMMUNICATION OF ANALYST VIEWS
Significant Yield Movement	Weekly	Portfolio analyst to communicate to the FI Team	Credit analyst to review new information and reassess credit evaluation of the company
Significant movement in share price in a single day	Continuous		
Reduction in lending by other creditors	Monthly		
Trends in Promoter pledge/ invocation, creation and release	Quarterly		
Significant deterioration in financials of group companies	Quarterly or data availability frequency	Credit analyst/ Fund manager to notify the EIC & FI Team	Changes are discussed with FI team and where required are submitted to the EIC for review
Change in Sector Outlook	Based on sector view	Credit analyst to notify EIC & FI Team	
Rating Outlook Changes	Based on action		
Significant deviation in financial performance	Quarterly		

# MONITORING & SURVEILLANCE contd..

## Credit

- Responsibility of the Credit Analysts & HOCR
- Framework for monitoring and surveillance
- Meetings with management, rating agencies and in-house equity team
- Discussed and reviewed during regular credit interactions
- Subscription to the data aggregators

## Market & Portfolio

- Covered by a dedicated Portfolio Analyst
- Monitoring of schemes w.r.t defined limits
- Review and Surveillance of UTI Funds as per schedule; Peer portfolio analysis and market trends
- Funds performance and strategy reports discussed by FISC and FMs

## Investment Committee

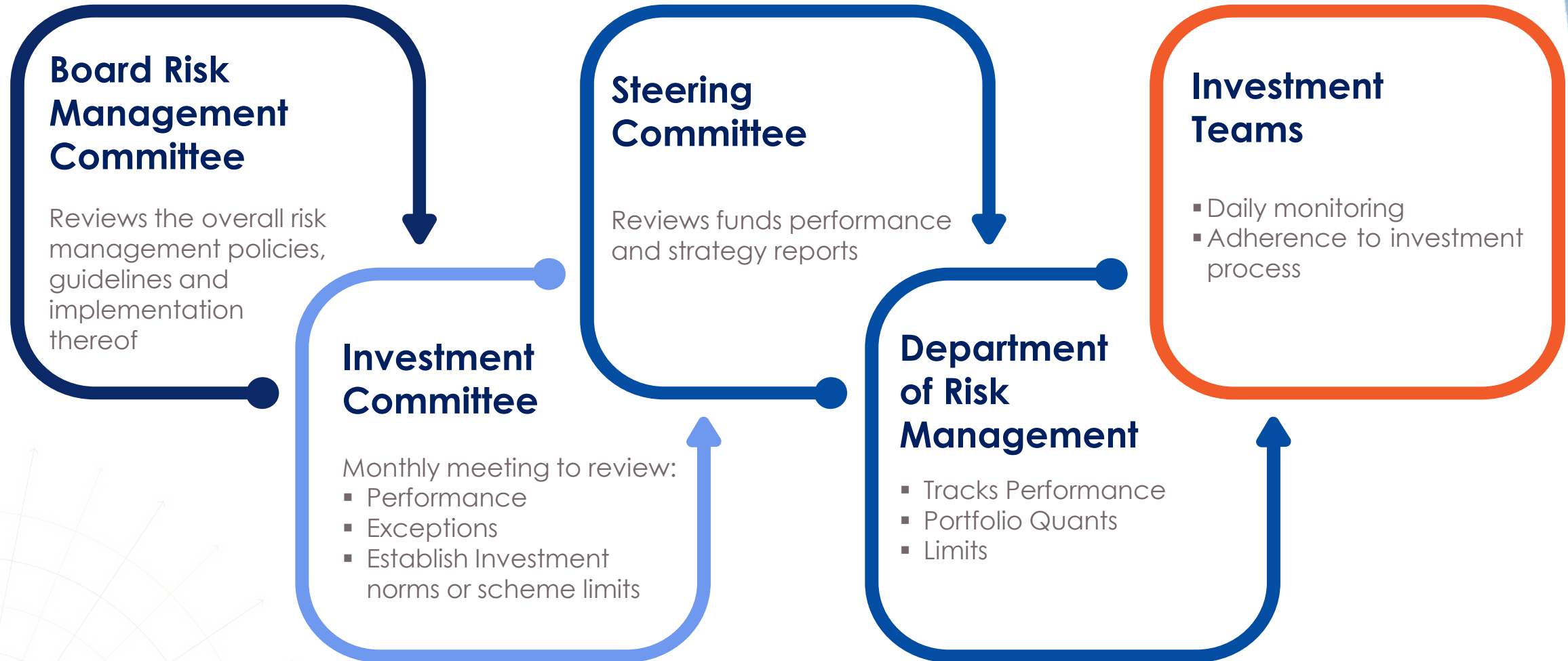
- CEO, CIO, HOE, HOR and HOFI to oversee performance, exceptions and investment norms on a monthly basis.

Coverage	Frequency
Monitoring of key developments in Company/Sector	Daily
Executive Investment Committee (EIC)	Fortnightly
Early Warning Signals (EWS)	Daily (Tracking) Weekly (Reporting)
Risk categorization of exposures (Green, Amber, Red)	Quarterly
Credit review of exposures	Quarterly
Industry/Sector review	Quarterly/Half-yearly
Stakeholder (Rating agency, Peers, etc.) feedback	Continuous review

Coverage	Frequency
MF Portfolio Holding Trends	Monthly
Duration Analysis of Peer Funds	Monthly
New Issuer added in MF universe	Monthly
Industry AuM trends Analysis	Daily
Funds Tracking as per Strategy	Daily



# MONITORING & SURVEILLANCE: Governance Structure



# Disclaimer

**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-U65991MH2002GOI137867). For more information, please contact the nearest UTI Financial Centre or your AMFI/NISM certified UTI Mutual Fund Independent Financial Advisor (IFA) for a copy of the Statement of Additional Information, Scheme Information Document, and Key Information Memorandum cum Application Form.

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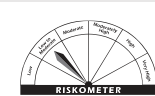


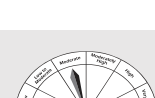
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**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**







# Product Label & Riskometer

Name of the Scheme	This product is suitable for investors who are seeking*	Riskometer#
<b>UTI Overnight Fund</b> An open ended debt scheme investing in overnight securities. A Relatively Low Interest Rate Risk and Relatively Low Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income over one day with capital preservation</li> <li>Investment in overnight securities</li> </ul>	
<b>UTI Liquid Cash Plan</b> An open ended liquid scheme. A Relatively Low Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Steady and reasonable income over short-term with capital preservation</li> <li>Investment in money market securities &amp; high quality debt</li> </ul>	
<b>UTI Ultra Short Term Fund</b> An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. A Moderate Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income with low volatility over short term</li> <li>Investment in debt &amp; money market instruments</li> </ul>	
<b>UTI Treasury Advantage Fund</b> An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolios is between 6 months and 12 months. A Moderate Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income consistent with high liquidity over short term</li> <li>Investment in Debt &amp; Money Market instruments</li> </ul>	
<b>UTI Money Market Fund</b> An open ended debt scheme investing in money market instruments. A Relatively Low Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income with high level of liquidity over short-term</li> <li>Investment in money market securities</li> </ul>	
<b>UTI Corporate Bond Fund</b> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A Relatively High Interest Rate Risk and Relatively Low Credit Risk	<ul style="list-style-type: none"> <li>Optimal returns over the medium to long term</li> <li>To invest predominantly in AA+ and above rated corporate debt</li> </ul>	
<b>UTI Short Term Income Fund</b> An open ended short term debt scheme investing in instruments such that the Macaulay duration of portfolio is between 1 year and 3 years. A Relatively High interest rate risk and moderate Credit Risk.	<ul style="list-style-type: none"> <li>Reasonable income with low risk and high level of liquidity over short-term</li> <li>Investment in Debt &amp; Money Market instrument</li> </ul>	

\*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 August 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/>

# Product Label & Riskometer

Name of the Scheme	This product is suitable for investors who are seeking*	Riskometer#
<b>UTI Medium Term Fund</b> An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years and 4 years. A Relatively High Interest Rate Risk and Relatively High Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income over the medium to long term</li> <li>Investment in Debt &amp; Money Market Instruments</li> </ul>	
<b>UTI Bond Fund</b> An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years. A Relatively High Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Optimal returns with adequate liquidity over medium to long term</li> <li>Investment in Debt &amp; money market instruments</li> </ul>	
<b>UTI Dynamic Bond Fund</b> An open ended dynamic debt scheme investing across duration. A Relatively High Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Optimal returns with adequate liquidity over medium to long term</li> <li>Investment in Debt &amp; Money Market Instruments</li> </ul>	
<b>UTI Credit Risk Fund</b> an open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A Relatively High interest rate risk and Relatively High Credit Risk.	<ul style="list-style-type: none"> <li>Reasonable income and capital appreciation over medium to long term</li> <li>Investment in debt and money market instruments</li> </ul>	
<b>UTI Floater Fund</b> An open ended debt scheme predominantly investing in floating rate instruments. A Relatively High Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>To generate reasonable returns</li> <li>To invest predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives)</li> </ul>	
<b>UTI Banking and PSU Debt Fund</b> An open ended debt scheme predominantly investing in debt instruments issued by Banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds. A Relatively High Interest Rate Risk and Moderate Credit Risk	<ul style="list-style-type: none"> <li>Reasonable income, with low risk and high level of liquidity over short to medium term</li> <li>Investment predominantly in Debt &amp; Money Market Securities issued by Bank, Public Sector Undertaking (PSUs), Public Financial Institutions (PFIs) and Municipal Bonds</li> </ul>	
<b>UTI Gilt Fund</b> An open ended debt scheme investing in government securities across maturities. A Relatively High Interest Rate Risk and Relatively Low Credit Risk	<ul style="list-style-type: none"> <li>Credit risk free return over the medium to long term</li> <li>Investment in sovereign securities issued by the Central Government and/or a State Government and/or any security unconditionally guaranteed by the Central Government and/or a State Govt.</li> </ul>	

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# Potential Risk Class Matrix

Credit Risk →	Relatively Low (Class A)		Moderate (Class B)		Relatively High (Class C)	
Interest Rate Risk ↓						
<b>Relatively Low (Class I)</b>	A-I	UTI Overnight Fund	B-I	UTI Liquid Cash Plan UTI Money Market Fund	C-I	-
<b>Moderate (Class II)</b>	A-II	-	B-II	UTI Ultra Short Term Fund UTI Treasury Advantage Fund	C-II	-
<b>Relatively High (Class III)</b>	A-III	UTI Corporate Bond Fund UTI Gilt Fund	B-III	UTI Bond Fund UTI Short Term Income Fund UTI Floater Fund UTI Dynamic Bond Fund UTI Banking & PSU Debt Fund	C-III	UTI Medium Term Fund UTI Credit Risk Fund