

FAQs on UTI Power of Three

What is UTI Power of Three?

UTI Power of Three is an exercise where the stimulus is on building one's "CORE" equity portfolio by employing three distinct investment styles. The three funds which the UTI Power of Three is focusing on is UTI Mastershare Unit Scheme, Large Cap Fund - An open ended equity scheme predominantly investing in large cap stocks following the Growth at Reasonable Price (GARP) style of investment. Second fund is UTI Equity Fund, Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks which follows the growth style of investment and the third one is UTI Value Opportunities Fund, Value Fund - An open ended equity scheme following a value investment strategy.



What is a Core Portfolio?

A core portfolio ideally is where an investor invests large portion of his/her total investments and typically core part of one's allocation comprises of large cap and multi-cap oriented funds. A substantial portion of one's overall equity portfolio could be allocated in these type of funds and allocations could change based on one's risk profile and preference.



What are Large-caps? What is a Large-cap fund?

As defined by SEBI, 1st to 100th company by full market capitalization are large-caps. A large-cap fund predominantly invests in large-cap stocks with a minimum of 80% of the fund's corpus in equity & equity related instruments of large-cap companies. UTI Mastershare Unit Scheme has an average large-cap exposure of 84% over the last 5 years, as of May 31, 2020.



What does GARP mean?

GARP – Growth at a Reasonable Price. A fund following GARP strategy looks for opportunities available at reasonable price given the underlying growth in earnings of a company. Sometime, GARP strategy is also called as Blend strategy, as they invest both in growth and value stocks. UTI Mastershare Unit Scheme, follows an investment style of GARP for stock picking combined with Competitive Franchise.



What is Competitive franchise?

It is a set of advantages that a company builds for itself over a long period of time which helps the company to stay very competitive in the business and helps it to keep expanding business by growing profits at a higher return on capital than the cost of invested capital. It also enables it to build robust financial position and keep investing to further strengthen these advantages. Some of the sources for competitive advantages are strong brand, R&D capabilities, distribution network, cost competitiveness etc.



What is a Multi-cap fund?

A fund that invests across the market capitalization brackets i.e., Large, Mid, Small are considered as a Multi-cap funds. As what are large caps is defined, likewise SEBI has also defined what are Mid-caps & Small-caps. 101st to 250th and 251st company onwards by full market capitalization are defined as Mid-caps and Small-caps respectively. A Multi-cap fund invests at least 65% of the fund's corpus in equity & equity related instruments across large cap, mid cap and small cap stocks.



What is a Growth Fund?

A growth fund predominantly consists of companies with above-average growth that reinvest their earnings into expansion, acquisitions, and/or research and development (R&D). Growth funds tend to provide potential for capital appreciation by holding on to the companies that are sustainable and having long run-way for growth. UTI Equity Fund follows growth style of investing and endeavours to pick high quality businesses in secular growth industries that can generate economic value through the cycle rather than cyclical industries which are highly volatile.



What are High Quality business?

High quality businesses are the one with an ability to show strong growth for a long period of time and are run by seasoned managements. "Quality" companies also mean,

- "Quality" companies perform across market cycles
- "Quality" companies mitigate drawdown
- "Quality" companies rebound faster based on the strong fundamentals of balance sheets & business models
- "Quality" companies are across market caps and are not restricted only to large caps



What is a Value Fund?

A value fund follows a strategy that focuses on investing in stocks that are undervalued in price based on fundamental characteristics and attempts to capture the increase in price, once the market realizes the true value of these stocks. UTI Value Opportunity Fund following value style of investing, looks for opportunities by focusing on companies available at less than their intrinsic value and ability to generate high cash flows over time.



What is Intrinsic value?

Intrinsic value is a measure of what an asset is worth. In equities, it is the current value of the cash flows that the company generates for its shareholders over a period of time. There are various methods vis., Discounted Cash Flows, Free Cash Flow Yield, Earnings Yield etc., for arriving at intrinsic value, which becomes the barometer of decision making regarding valuation (over-value / under-value) of the stock. UTI Value Opportunities Fund endeavors to buy what the market underestimates, following a “barbell approach” for stock picking.



What is a Barbell approach?

As undervalued businesses can be found at two ends of the spectrum, which is growth and value. At one end, the market may under appreciate the sustainability of competitive advantages and/or the length of the growth runway for the company. These companies defy the norm of cyclicity and reversion to mean. At the other end of the spectrum there are companies that may be experiencing challenges due to cyclical factors, changes in the environment or their own past actions. But, if the core business is healthy and a path to a better future (cash flows, return ratios) is visible then their depressed valuations offer an attractive entry point. UTI Value Opportunities Fund continuously looks for opportunities in both cases, is to buy something undervalued relative to expectations.



Who are the fund managers managing UTI Power of Three funds and since when are they managing these funds?

UTI Mastershare Unit Scheme is managed by Mrs. Swati Kulkarni and she has been managing the fund since December 2006. UTI Equity fund is managed by Mr. Ajay Tyagi and managing the fund since January 2016. UTI Value Opportunities Fund is managed by Mr. Vetri Subramaniam along with Mr. Amit Premchandani and they have been managing the fund since February 2017 and February 2018 respectively.



Brief fund snapshot of UTI Power of Three funds

| | UTI Mastershare Unit Scheme | UTI Equity Fund | UTI Value Opportunities Fund |
|----------------------|-----------------------------|-----------------|------------------------------|
| Style | Blend (GARP) | Growth | Value |
| Launch Date | October 15, 1986 | May 18, 1992 | July 20, 2005 |
| Benchmark | S&P BSE 100 | Nifty 500 | Nifty 500 |
| Month End AUM | ₹ 5,519 Crores | ₹9,057 Crores | ₹3,750 Crores |

Data as of May 31, 2020*



What is the market cap break-up and number of holdings for these funds?

| | UTI Mastershare Unit Scheme | UTI Equity Fund | UTI Value Opportunities Fund |
|----------------------------|-----------------------------|------------------------|------------------------------|
| Market cap biasness | Large cap dominance | Agnostic to market cap | Agnostic to market cap |
| Large cap | 86% | 66% | 70% |
| Mid cap | 11% | 26% | 23% |
| Small cap | 3% | 8% | 7% |
| No. of Holdings | 47 | 52 | 53 |

Data as of May 31, 2020*



Why invest in UTI Power of Three?

As a fund house with emphasis on managing investments with a well-defined investment philosophy and discipline in portfolio construction. UTI Power of Three provides such conundrums with an easy solution of investing in funds which follow distinct strategies, investing in well-researched stocks across sectors and across the market cap, without being highly concentrated at stock or sector level. Key highlights are mentioned below:

- Long term track record:** Each of these funds has long history of existence and have weathered multiple market cycles. Incidentally, UTI Mastershare Unit Scheme is also India's first equity oriented scheme launched in 1986, UTI Equity Fund had the largest investor base at its launch in 1992 and UTI Value Opportunities Fund launched in 2005 has generated healthy returns for its investors.
- Distinct investment approach:** Funds follow distinct investment approaches from that of each other Vis., Growth, Value and GARP (Blend). Furthermore, funds are managed by industry experts having decades of experience are committed to the investment style that they pursue to build the portfolios and continuously thrive for alpha generation.
- Diversified portfolio allocation:** With differentiated investment styles and prudent allocations to the funds has a potential for wealth creation over medium to long-run. Allocation to these funds would also fits into one's core equity allocation.



UTI Mastershare Unit Scheme

Large Cap Fund - An open ended equity scheme predominantly investing in large cap stocks

This product is suitable for investors who are seeking*:

- Long term capital appreciation
- Investment predominantly in equity instruments of large cap companies

UTI Equity Fund

Multi Cap Fund-An open ended equity scheme investing across large cap, mid cap, small cap stocks

This product is suitable for investors who are seeking*:

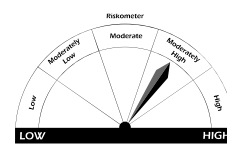
- Long term capital appreciation
- Investment in equity instruments of companies with good growth prospects across the market capitalization spectrum

UTI Value Opportunities Fund

An open ended equity scheme following a value investment strategy

This product is suitable for investors who are seeking*:

- Long term capital appreciation
- Investment in equity instruments following a value investment strategy across the market capitalization spectrum



Investors understand that their principal will be at Moderate High Risk.

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

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