

STEP UP YOUR WEALTH CREATION.

INVEST TODAY IN UTI LONG TERM ADVANTAGE FUND SERIES - IV.



Haq, ek behtar zindagi ka.



NFO CLOSES: JAN 18, 2017

**UNITS AT ₹ 10 PER UNIT
DURING THE NFO PERIOD**

For more information:
Give a missed call on 8655019940

UTI Long Term Advantage Fund – Series IV

(A 10 Year Close-ended Equity Linked Savings Scheme)

This product is suitable for investors who are seeking:*

- Capital appreciation over a period of 10 years
- Investment in equity and equity related instruments of companies along with income tax benefit under Section 80C of the Income Tax Act, 1961.

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



INVEST ANYTIME, ANYWHERE!



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

Agenda

- **Equity Market – Key Questions**

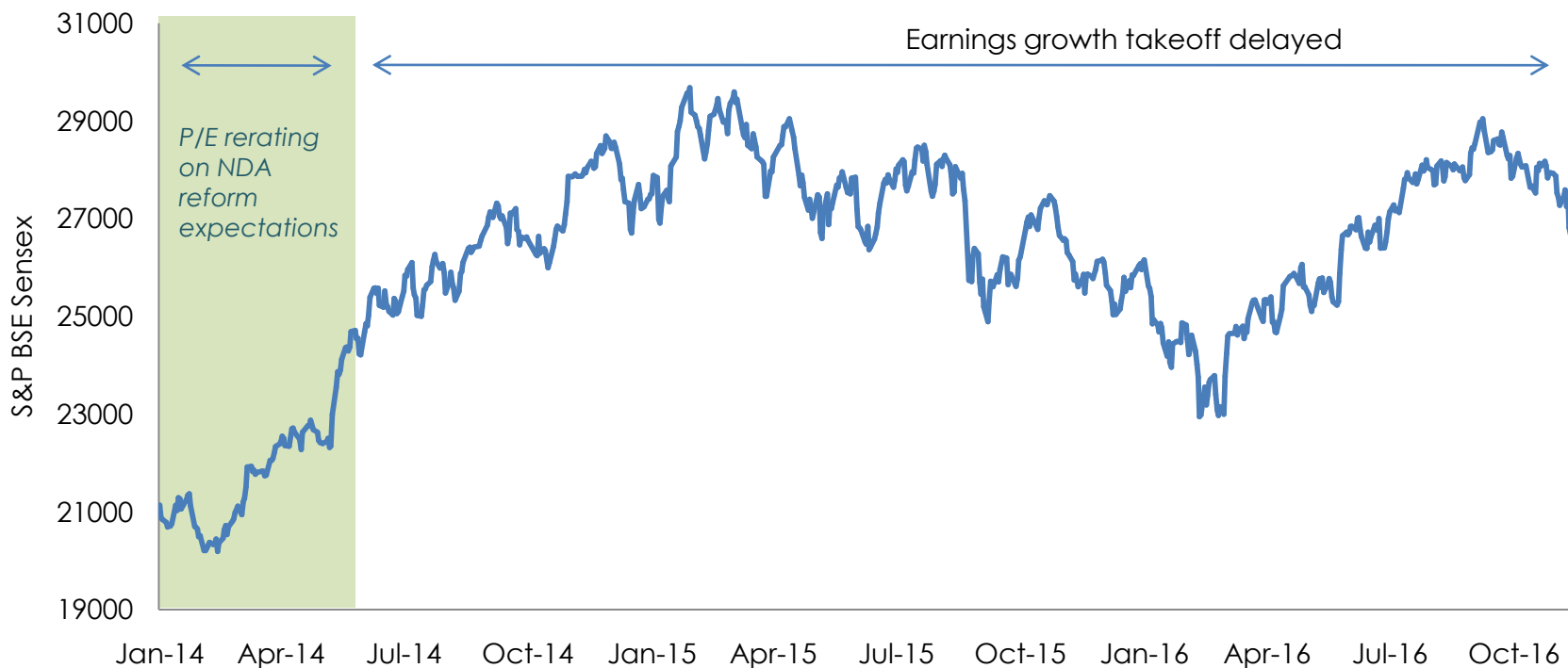
- Where are the markets today?
- Where can they go from here?
- Is it the right time to invest? If so where ?

- **Presenting...**

UTI Long Term Advantage Fund - Series IV

Separating the Signal from the Noise

What has happened in the last 36 months?



- Present govt. elected with huge majority in May-14
- P/E rerating on reform expectations...
- ... but earnings growth did not takeoff as was expected
- While the period saw high inter-sector disparities in performance,
- But overall, market is only slightly above May-14 levels



Haq, ek behtar zindagi ka.

Why has earnings recovery been delayed?

1. Two successive weak monsoons
2. Global growth weakness; soft commodity prices
3. Banks NPA woes and private sector investment not taking off
4. Demonetisation

India creating structures for the long term benefit of the economy



Haq, ek behtar zindagi ka.

Will **short-term pain** lead to **long-term gain**?

Structural reform – we all wanted it and now we got it !

- **GST** → **Tax / GDP** ↑
- **Anti-black money** → **Land price** ↓; **Fin. savings** ↑; **Interest** ↓
- **J-A-M** → **Govt. sops** to base of income pyramid ↑

Above measures should result in,

- Lower Inflation
- Bank Balance Sheets Repaired
- Market share increase for formal sector
- More sops to J-A-M & tax payers
- Govt.-led Capex

**Virtuous Cycle
of
Growth**



History may not repeat, but it rhymes

- **Similarities to 90's & 00's market trends**
 - Significant shift in policy drove P/Es;
 - Δ EPS came in later
- **With similar Macro & Fundamentals**
 - Equity Report Card* score of 5/5

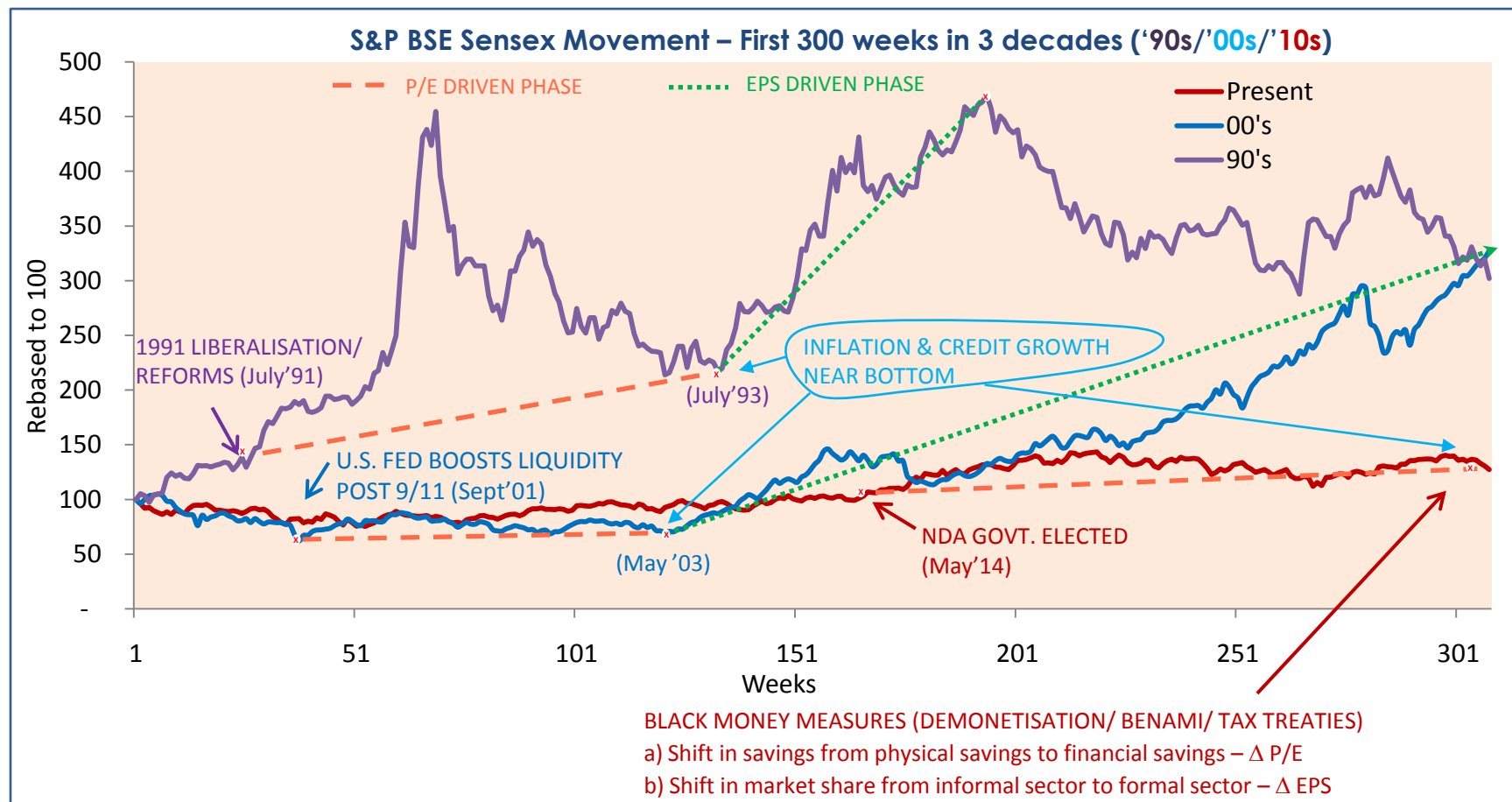


Haq, ek behtar zindagi ka.

History may not repeat, but it rhymes

In 90s & 00s,

- Market was initially boosted more by P/E on structural shift,
- then cooled off on tepid earnings
- but recovered when earnings rose due to macro



Return Components (EPS Growth & PE[†] Expansion)

Rally	Return Component EPS Growth	Return Component PE Expansion	Duration (Weeks)	Absolute Returns (%)
1984-86*	16%	84%	94	185
1990-92*	28%	72%	115	578
1993-94	59%	41%	60	121
1998-00	-2%	102%	68	115
2003-08	54%	46%	246	614
2009-10	15%	85%	87	157
2013-15	22%	78%	52	48
		Average	112	295
		Median	90	171

- Only 1993-94 & 2003-08 rallies driven more by EPS; other rallies driven by P/E
- 2003-08 rally initially led by P/E expansion; EPS growth came in later

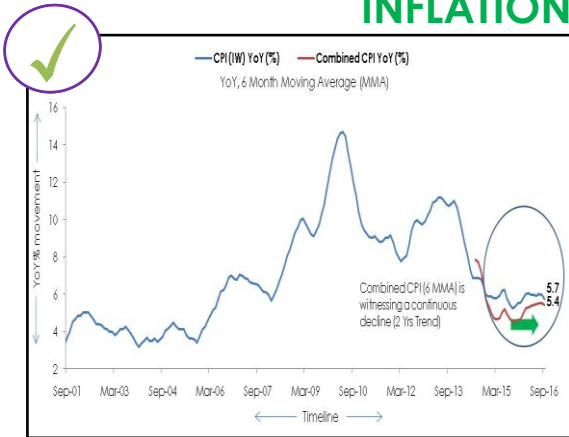
* Data for 100 companies of BSE National Index is used due to unavailability of Sensex data prior to '93;
Source: Returns on Indian Equity Shares by L.C. Gupta; † Trailing

Similar Macro & Fundamentals

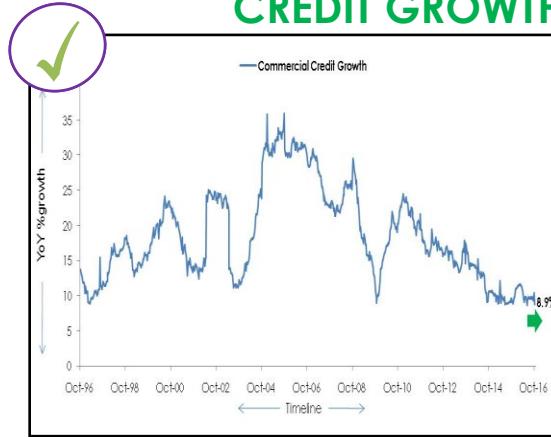
Equity Markets Report Card



INFLATION



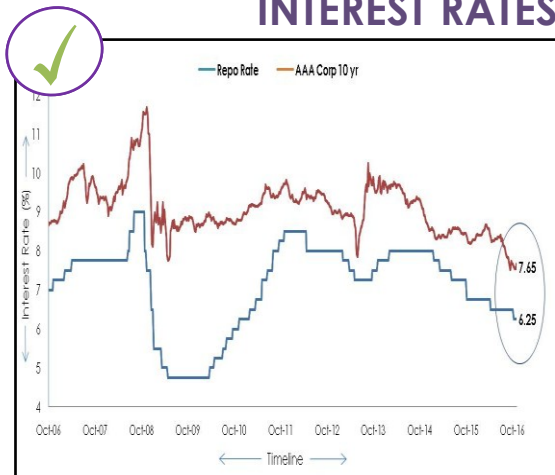
CREDIT GROWTH



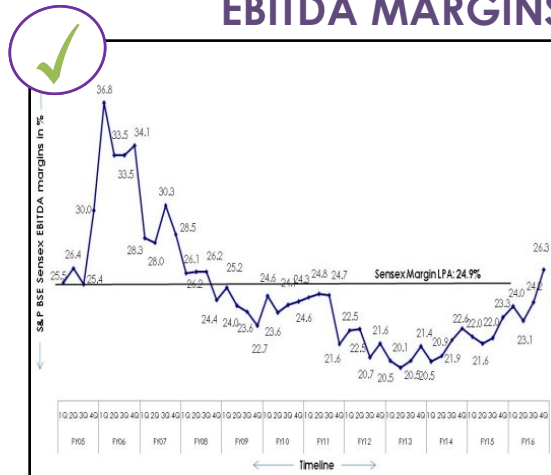
CORPORATE PROFITS



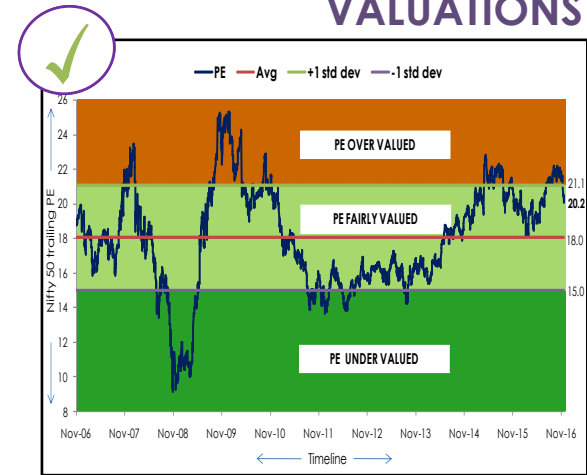
INTEREST RATES



EBITDA MARGINS



VALUATIONS



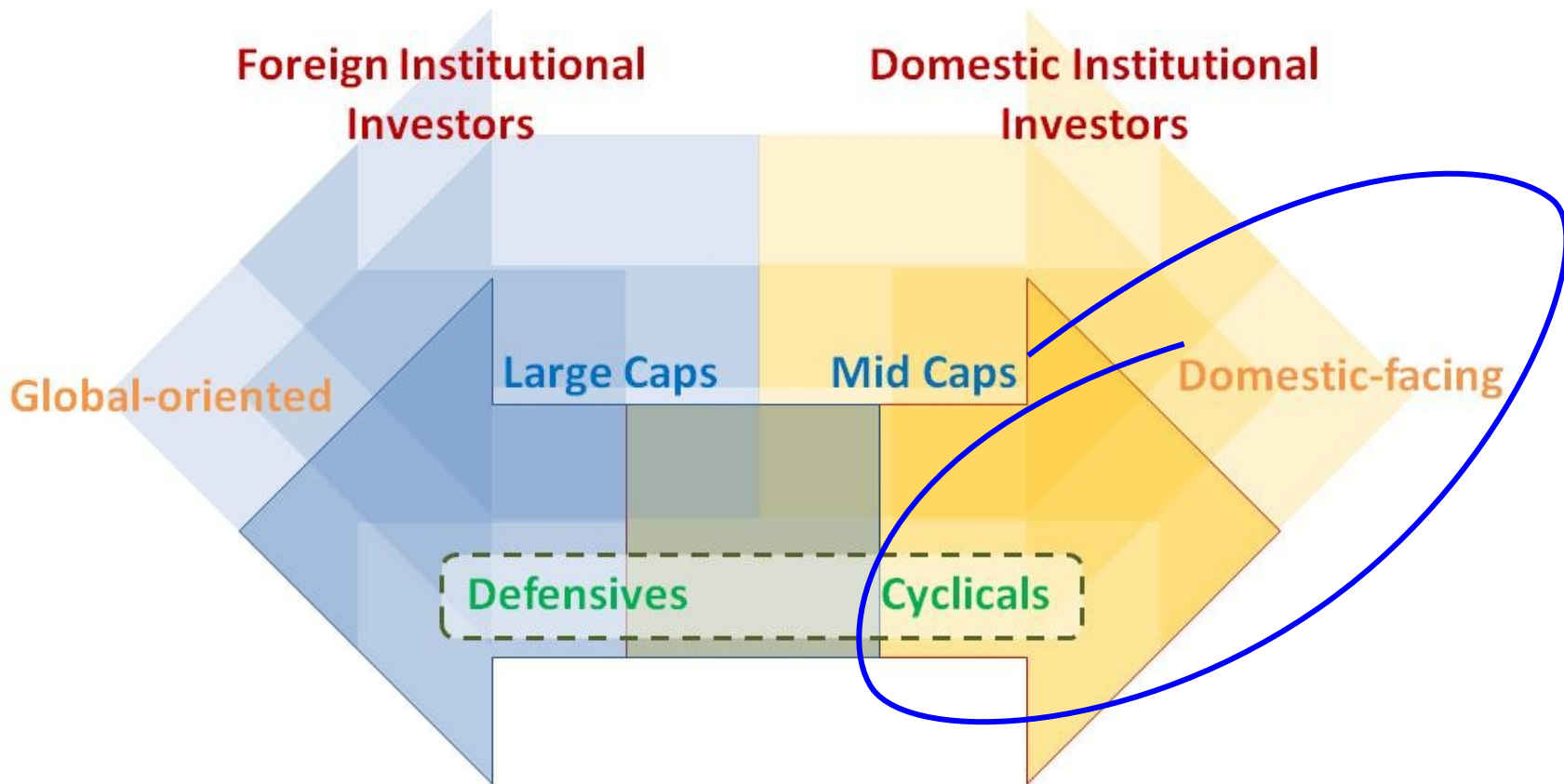
Haq, ek behtar zindagi ka.

Agenda

- **Equity Market – Key Questions**
 - Where are the markets today?
 - **Where can they go from here?**
 - **Market Paradigms – where is the sweet spot ?**
 - **Market Levels - Projected Pathways**
 - Is it the right time to invest? If so where ?
- **Presenting...**
 - **UTI Long Term Advantage Fund - Series IV**
 - *Separating the Signal from the Noise*

Market Paradigms

- Equity Market: viewed through the kaleidoscope of popular paradigms



FII → **Large Cap** → **Defensive** → **Global Oriented**
(a recognized alignment in our equity markets)

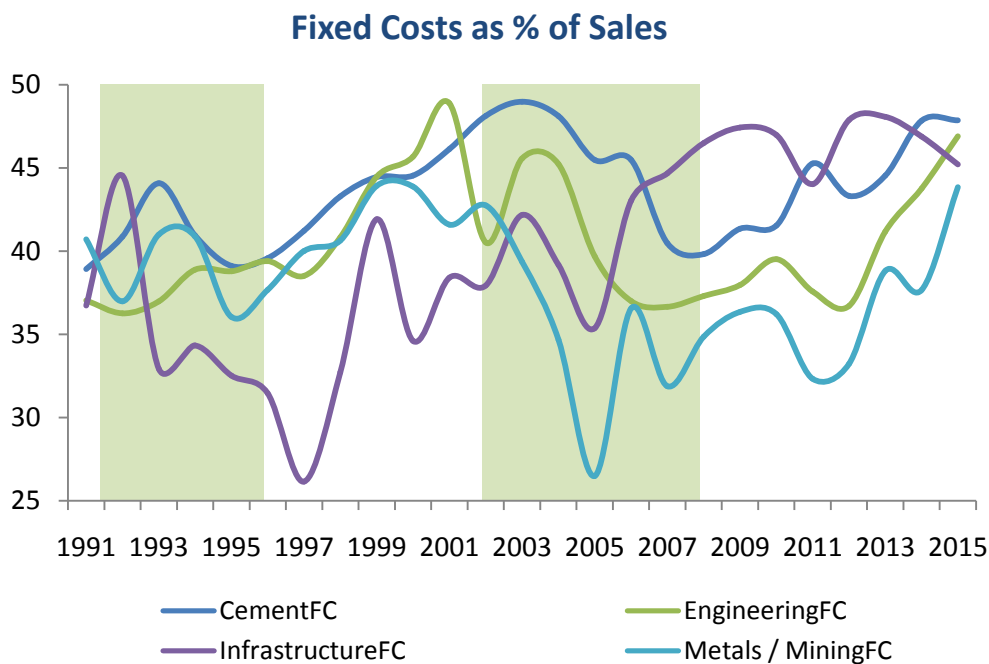
Market Paradigms – Emerging Sweet Spot

Domestic-facing Cyclical

- The above space have been somewhat out of market favor
- As the country's needs grow, industrial capacity will be required
- Investment recovery is thus inevitable
 - 'Crowding-in' by Govt. capex has begun
 - Lead indicators for Private capex beginning to fall in place

- *Earnings in this space usually follows P/E expansion*
- *Ends up exceeding street expectations significantly*
- *Leading to sharp outperformance*

How is earnings recovery triggered in cyclicals?



As cycle recovers:

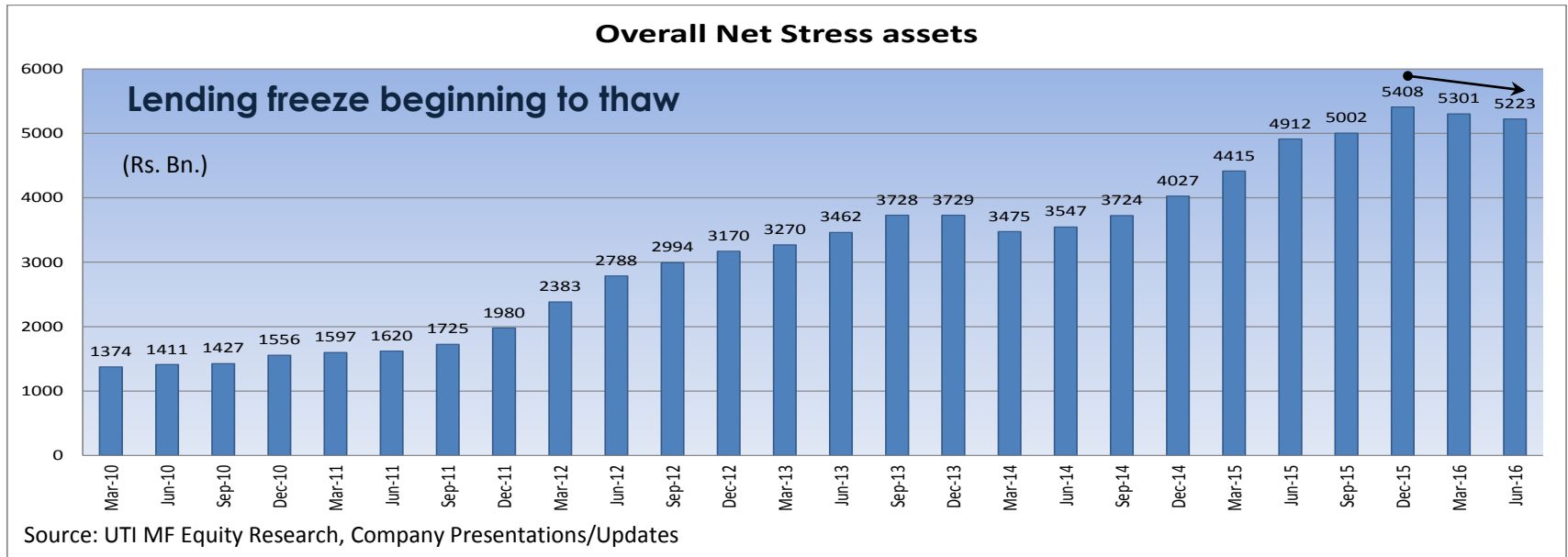
- **Operating leverage kicks in**
 - At Inflection point in volumes
- **Boosting margin (& EPS)**
 - Capacity Utilisation rises
 - % Fixed costs/sales drops

Source: Company Reports; UTI MF Equity Research

Positive Period

Better to invest early rather than try to time EPS upswing

The last 10 months...



- Banks : from lending freeze to restarting cycle of loans
 - Asset sales by borrowers means remediation of NPAs
 - Rosneft deal of Essar group
 - JPA asset sell off
 - S4A norms get more realistic under new monetary policy
- Steel prices up globally with some 'MIP' protection
- NHAI arbitration winners to get 3/4th of disputed amounts
- Govt. capex sets stage for pvt. sector investment
- Deleverage in big industry groups frees up Balance Sheets

Pvt. Sector capex to begin: conditions were never better in the last 8 years



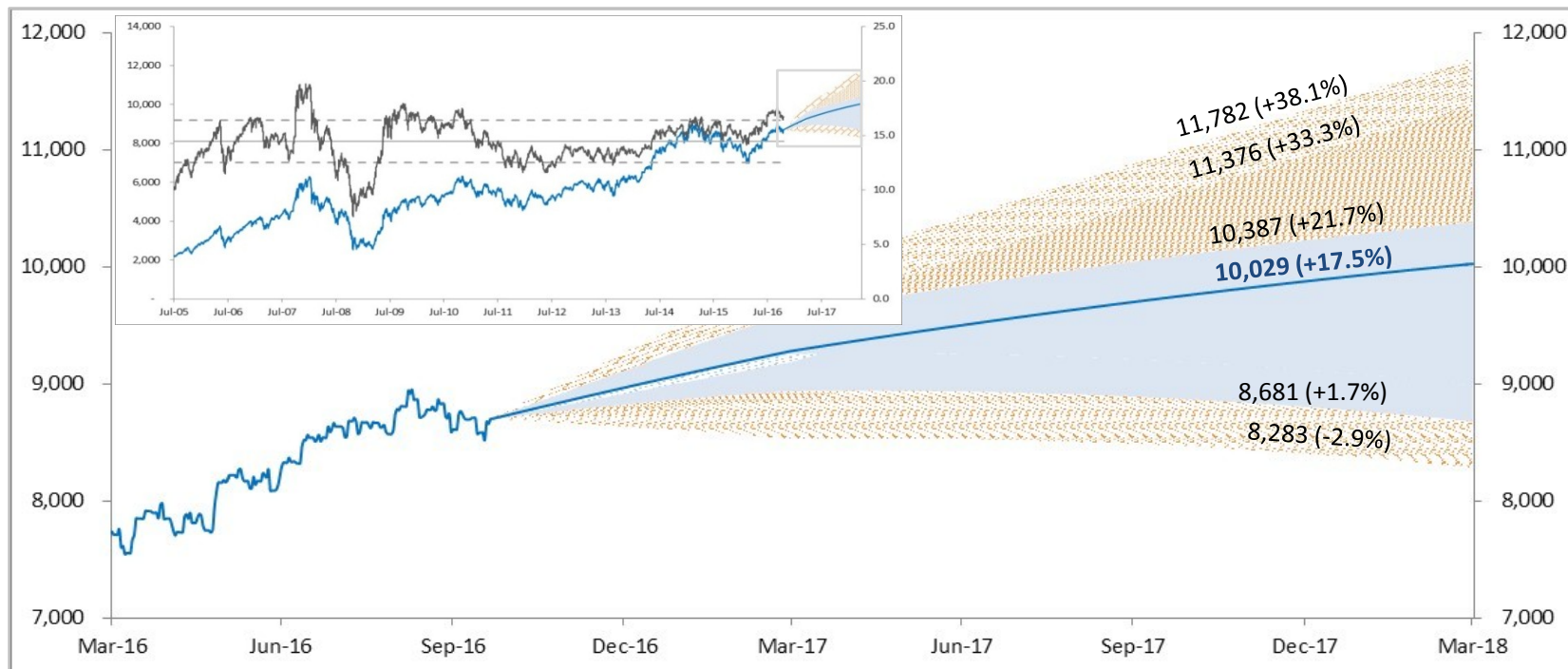
Haq, ek behtar zindagi ka.

Summing up

- Stage in cycle is established
- There are signs of recovery in economy & business
- Reasonable to assume capex is set to begin
- ***As recovery takes hold, cyclicals will see EPS surge***
- Markets will typically run ahead of this trend via P/E expansion
- Domestic-Cyclicals story will take firm hold

We need to enter early, before the recovery takes hold

Nifty 50 – Projected Pathways



Extrapolating LTA P/E* & street EPS estimates bounded by EPS surprise %

- 9 potential outcomes with a bias towards robust returns

		Target EPS FY19E (Rs.)		
		EPS (C)	EPS (L)	EPS (A)
	Nifty est.	662	693	718
+1 Std Dev.	16	10,854	11,376	11,782
L.T Avg. P/E(x)	15	9,569	10,029	10,387
-1 Std Dev.	13	8,283	8,681	8,991

Returns outcomes with base as of 20/10/2016		
27%	33%	38%
12%	18%	22%
-3%	2%	5%



*1yr Fwd P/E, C – Conservative, L - Likely , A – Aggressive, LTA – Long Term Average, EPS – Earnings Per Share
Data Source: Bloomberg

Agenda

- **Equity Market – Key Questions**
 - Where are the markets today?
 - Where can they go from here?
 - **Is it the right time to invest? If so where?**
- **Presenting...**
 - UTI Long Term Advantage Fund - Series IV**
 - Separating the Signal from the Noise*

Presenting

UTI Long Term Advantage Fund – Series IV

Separating the Signal from the Noise



Haq, ek behtar zindagi ka.

UTI Long Term Advantage Fund – Series IV

Fund Snapshot

Type of scheme	Close-ended Equity Linked Savings Scheme			
Investment Objective	The investment objective of the scheme is to generate capital appreciation over a period of ten years by investing predominantly in equity and equity-related instruments of companies along with income tax benefit. However, there can be no assurance that the investment objective of the Scheme will be realized.			
Asset Allocation	Instruments	Indicative Allocation (% of total assets)		Risk Profile
		Minimum	Maximum	
	Equities, cumulative convertible preference shares and fully convertible debentures and bonds of companies	80%	100%	High
	Money Market Instruments*	0%	20%	Low to Medium
	* The scheme will invest in Money Market Instruments having residual maturity upto 91 days			
Min. Application Amount	Minimum investment is ₹500/- and in multiples of ₹500/- thereafter with no upper limit.			
Plans/Options	The Scheme offers following Plans: Regular Plan & Direct Plan The Plans offers the following Options: a) Growth Option b) Dividend Option with Payout option only			
Fund Manager	Mr. Lalit Nambiar			
Benchmark	S&P BSE 100			



Haq, ek behtar zindagi ka.

UTI Long Term Advantage Fund – Series IV

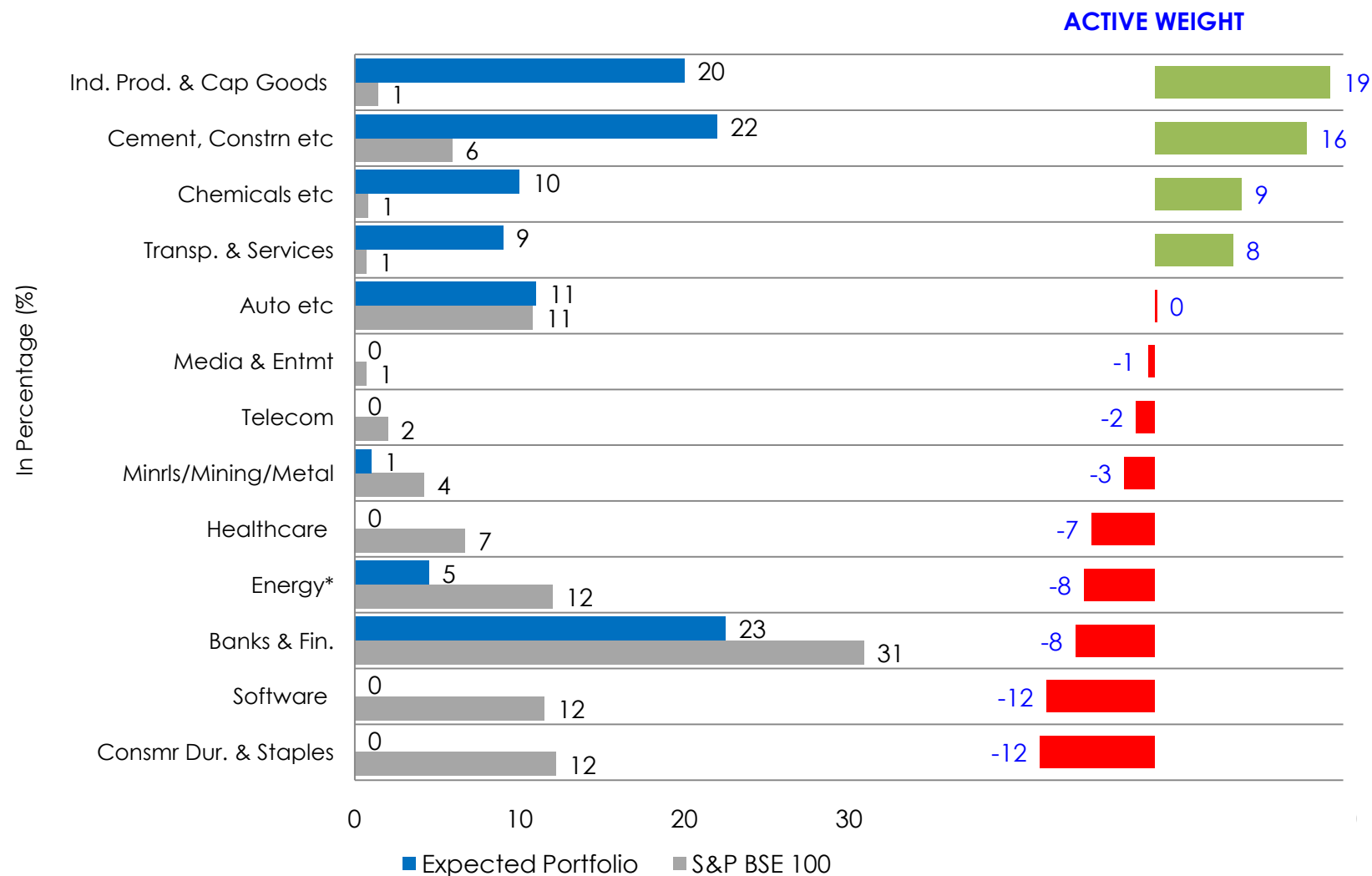
Product Framework

NFO Closes on	Wednesday, January 18, 2017
Lock-in Period	Lock-in-Period of 3 years from the date of allotment
Liquidity	The Scheme will offer redemption / Switchover on every business day at NAV based prices after the Lock-in-Period of 3 years from the date of allotment
Tax Rebate	Tax benefit under 80C of Income Tax Act, 1961
Maturity Date	Monday, January 25, 2027
Sector Weightage*	Not more than 30% or Benchmark plus 12% in a given sector
Stock Weightage*	Not more than 8% in a stock & not more than 55% in top 10 stocks
Cash Limit*	10% of the portfolio



Haq, ek behtar zindagi ka.

How would the portfolio look today?#



*Oil, Gas, Petrochem & Power. Index Weights as at 31st October 2016

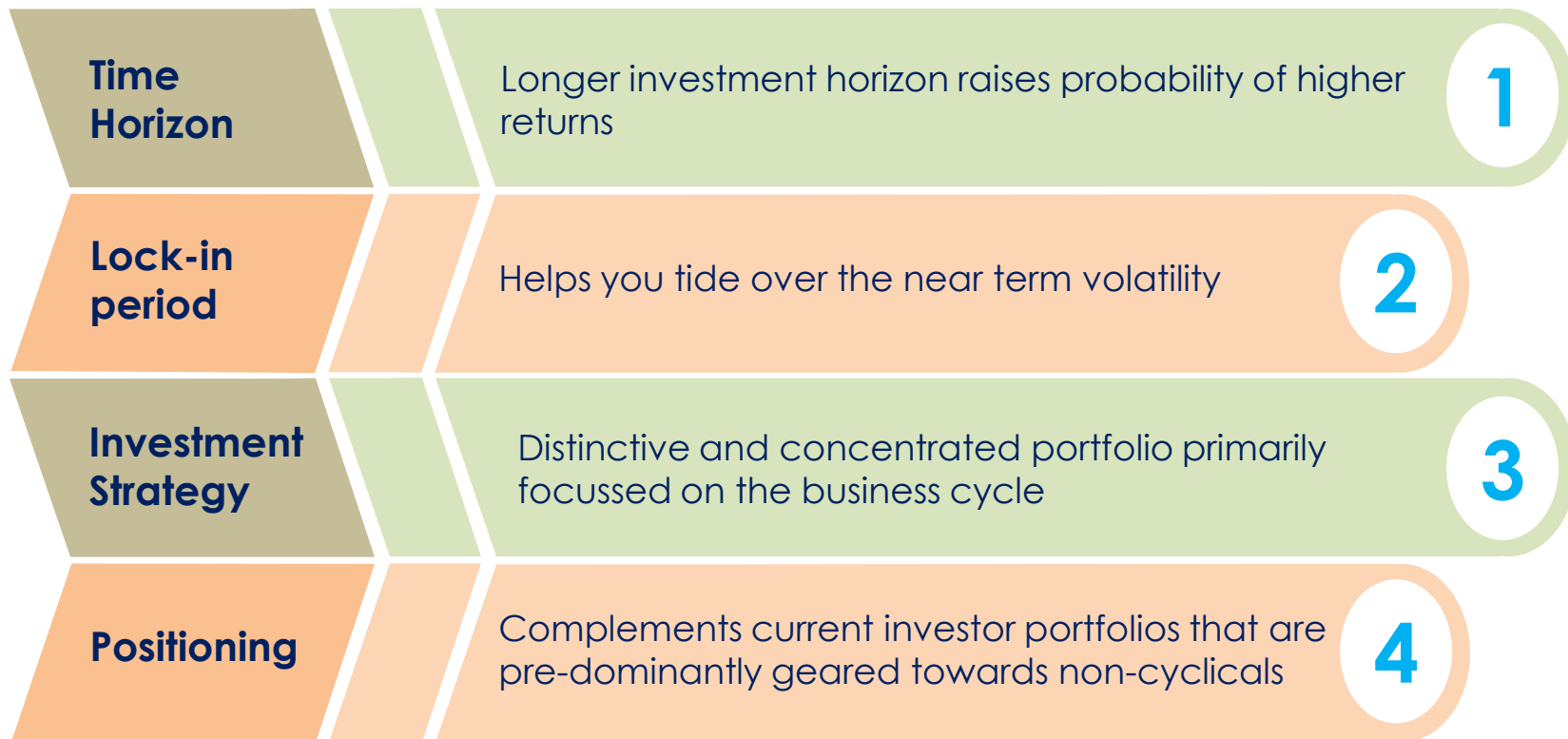
Expected portfolio, actual portfolio may differ depending on market conditions at time of deployment
Active Weight is the percentage difference in portfolio holdings in a sector versus that in the benchmark



Haq, ek behtar zindagi ka.

UTI Long Term Advantage Fund – Series IV

Why Invest in this Fund?



Thank You

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.

Disclaimers: The information on this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration. Users of this document should seek advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to on this document and should understand that statements regarding future prospects may not be realized. The recipient of this material is solely responsible for any action taken based on this material. Opinions, projections and estimates are subject to change without notice.

UTI AMC Ltd is not an investment adviser, and is not purporting to provide you with investment, legal or tax advice. UTI AMC Ltd or UTI Mutual Fund (acting through UTI Trustee Company Pvt. Ltd) accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services.

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



Haq, ek behtar zindagi ka.