THE MARKET MIGHT BE TOPSY-TURVY. YOUR PORTFOLIO NEED NOT BE.

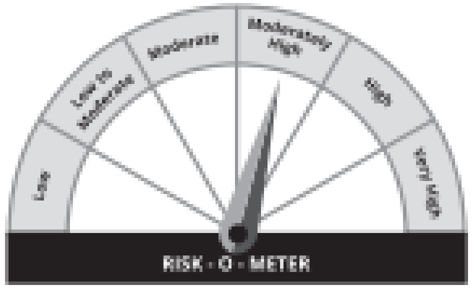
TATA BALANCED ADVANTAGE FUND

(An Open Ended Dynamic Asset Allocation Fund)

This product is suitable for investors who are seeking*:

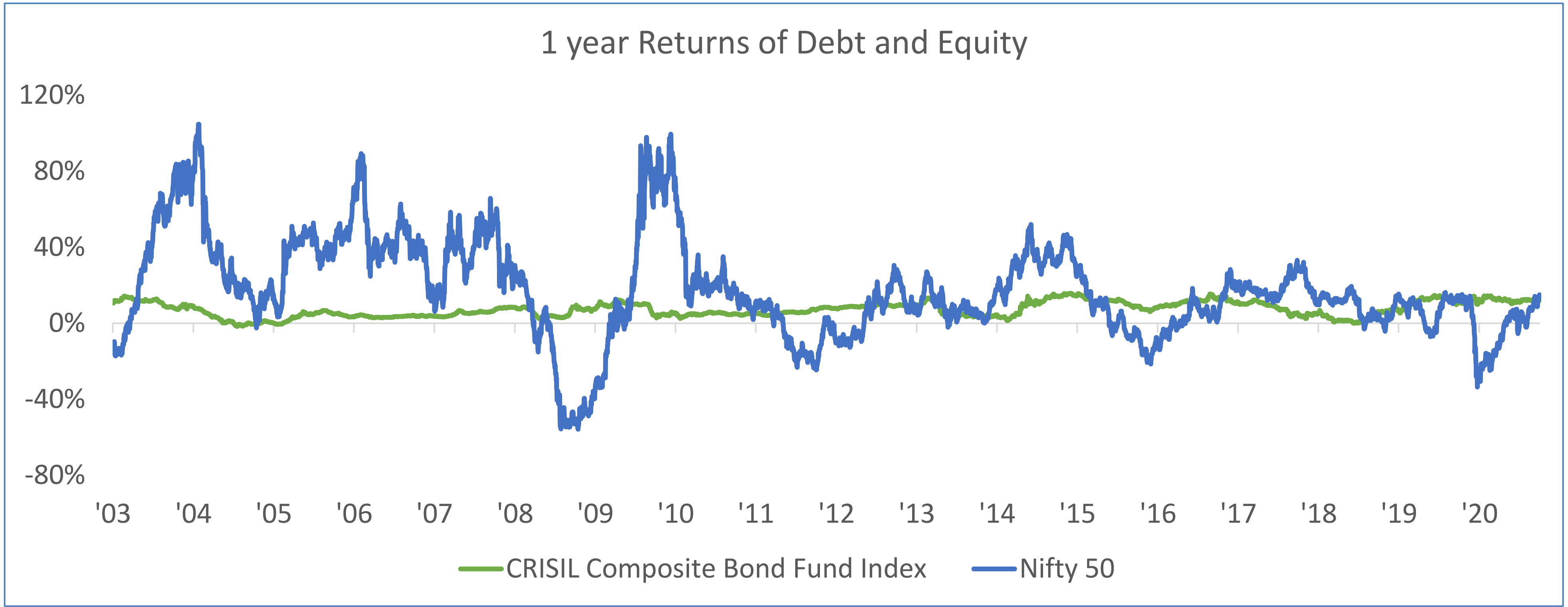
- Capital Appreciation along with generation of income over medium to long term period.
- Predominant investment in equity and equity related instruments as well as in debt and money market instruments.

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



Investors understand that their principal will be at Moderately High Risk

VOLATILITY IN EQUITY AND DEBT MARKETS



Equity	Debt
Capital Appreciation in equities has been high, the markets have also been extremely volatile	The returns have been consistent throughout, although on an average lower than those of equity

**Source: NSE, MFI*

DYNAMIC ASSET ALLOCATION

TATA MUTUAL FUND

WHY DYNAMIC ASSET ALLOCATION?

Dynamic asset allocation allows to **switch between asset classes depending on market conditions.** Highly volatile markets increase attraction of debt investments while booming markets are ideal for equity investments.

WHY BALANCED ADVANTAGE FUNDS?

Balanced Advantage funds readjust asset allocation on the basis of a predefined model. This rids the investor of the market timing error

Calendar Year	Nifty 50 TRI	CRISIL Liquid Fund Index *	CRISIL Composite Bond Fund Index	Top Performer
2008	-51.3%	8.4%	9.1%	Debt
2009	77.6%	4.9%	3.5%	Equity
2010	19.2%	5.1%	5.0%	Equity
2011	-23.8%	8.1%	6.9%	Liquid
2012	29.4%	8.5%	9.4%	Equity
2013	8.1%	9.0%	3.8%	Liquid
2014	32.9%	9.2%	14.3%	Equity
2015	-3.0%	8.2%	8.6%	Debt
2016	4.4%	7.5%	12.9%	Debt
2017	30.3%	6.7%	4.7%	Equity
2018	3.2%	7.6%	4.9%	Liquid
2019	12.0%	6.9%	10.4%	Equity
2020	16.0%	4.6%	12.0%	Equity

Higher Equity Allocation creates wealth

Shift to Liquid Protects wealth

Higher Debt Allocation saves the day

** Crisil Liquid Fund Index taken as representative of arbitrage returns due to non-availability of arbitrage index through the period of analysis*

Source: Bloomberg

THE BEST OF BOTH WORLDS

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Debt Funds

Cons	Pros
Inefficient Taxation Losing out on gains	Low Volatility Low Risk

+

Equity Funds

Cons	Pros
High volatility High Risk	Capital Appreciation Efficient Taxation

=

Balanced Advantage Funds
Efficient Taxation
Capital Appreciation
Low Volatility
Low Risk

TATA BALANCED ADVANTAGE FUND

WHY TATA BALANCED ADVANTAGE FUND?

Tata Balanced Advantage Fund seeks capital appreciation opportunities and income distribution through investments in a mix of Equity, Arbitrage and Debt portfolios. The goal is to manoeuvre investment allocation as per prevailing market conditions and make money work harder.

PE Based Model

A Balanced Advantage Fund can follow a PE based model, where based on average of forward and trailing PE, the equity allocations can be arrived at.

Lower PE – Cheaper Valuations, good time to enter the market
Higher PE – High Valuations, lower equity allocations

Tata Balanced Advantage internal model follows an enhanced version of this model

BALANCED ADVANTAGE FUNDs – ARRIVING AT EQUITY ALLOCATIONS

TATA MUTUAL FUND

HOW DOES THE CURRENT MODEL WORK?

On the basis of forward and trailing PE valuations the equity allocations are arrived at. These allocations are then subject to ±10% variation depending on fund manager outlook on the following:

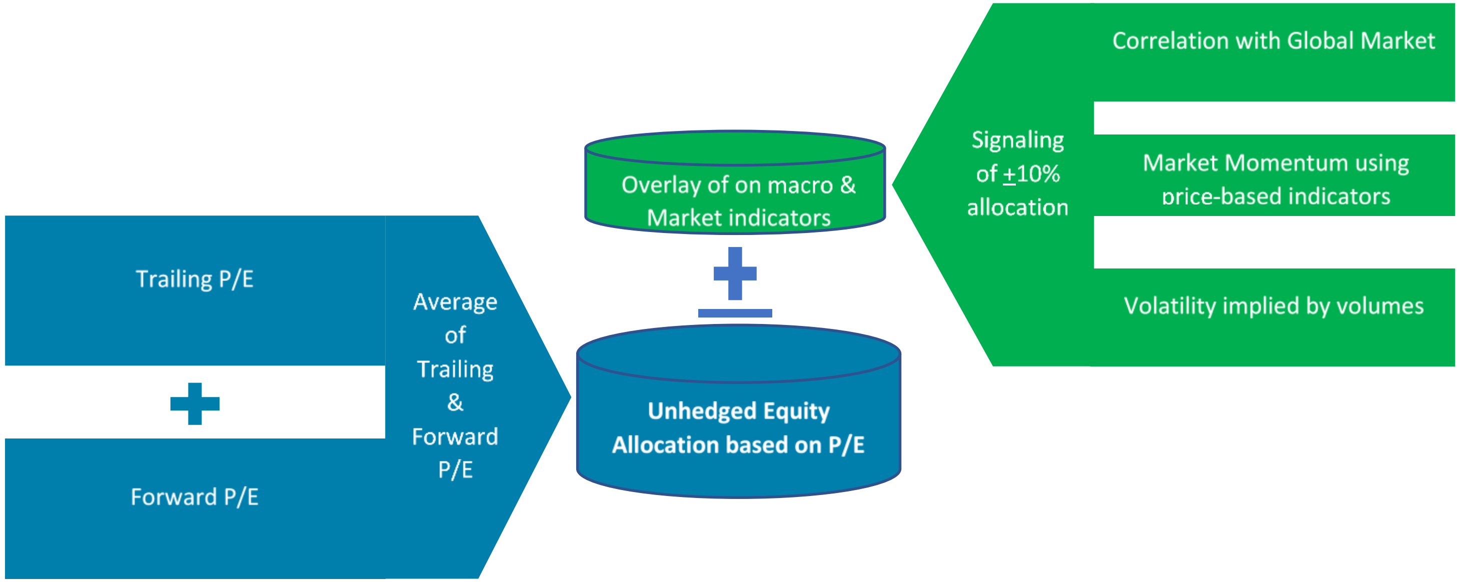
- Correlation with select global markets
- Market Momentum using price-based indicators to avoid early entry/exits in a directional market
- Volatility implied by volumes indicating extreme situations of fear vs complacency

INDICATIVE ALLOCATION TO UNHEDGED EQUITY

PE Band (12 months Avg. of Trailing and Forward Nifty PE)		Allocation to Net Long (Unhedged) Equity
From PE	To PE	
8	15	80
15	17	70
17	19	60
19	21	50
21	30	40

Step 1

Price to Earnings Ratio enables selection of stocks with the maximum earnings potential and lower on the price spectrum

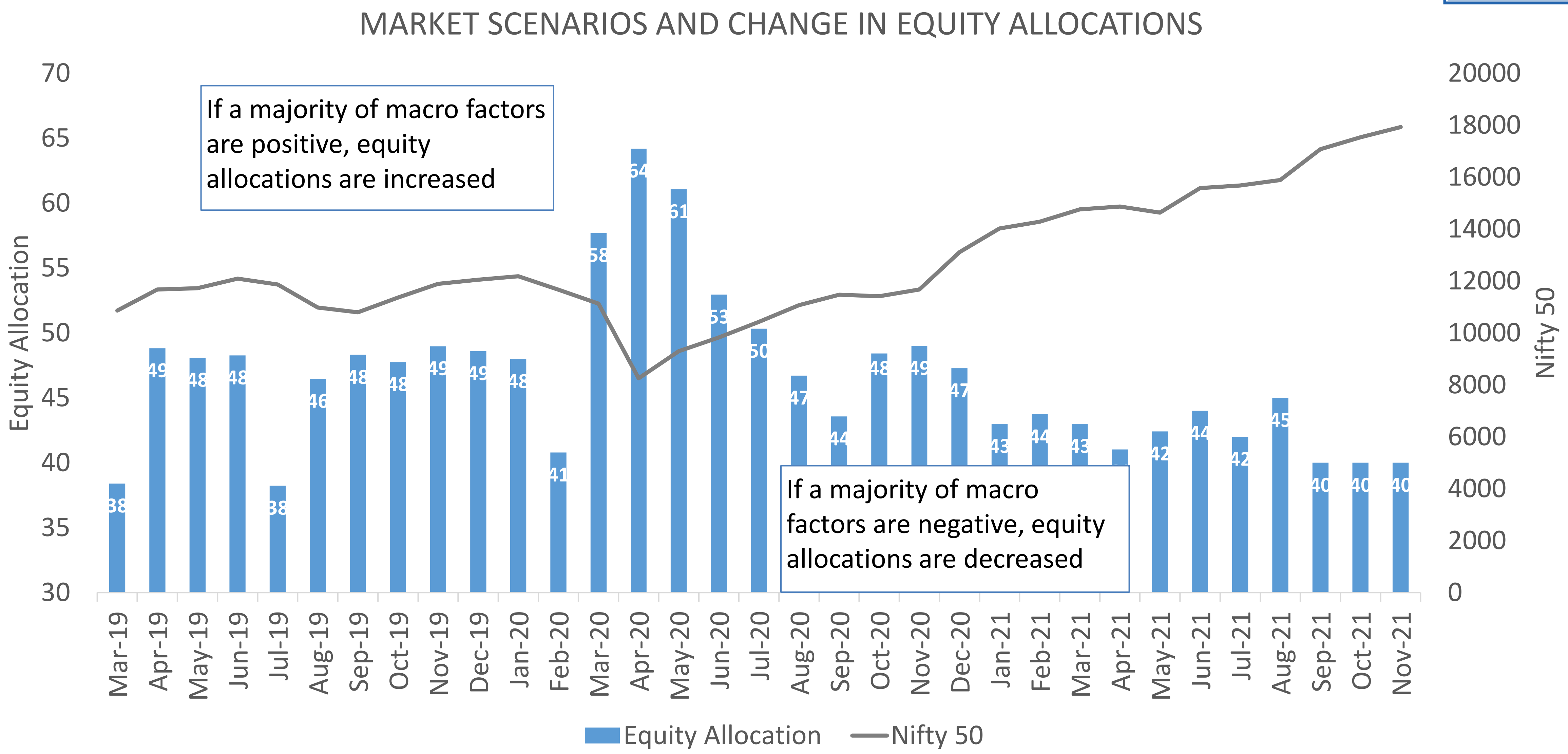


Step 2

In addition to the indication by P/E, these macro factors highlight scope for enhanced returns

*Internal Model

TATA BALANCED ADVANTAGE FUND - EQUITY ALLOCATIONS



**Source: NSE, MFI*

Category Average: Average of equity exposures of all Balanced Advantage Funds in MFI

EQUITY ALLOCATIONS RATIONALE

TATA MUTUAL FUND

Mar-20 | **Apr-20** | **May-20** | **Nov-21**

PE was slow in increasing equity allocations while the market corrected

Overlaying of Technical/Momentum factors was slow in bringing down equity exposures while the markets are rising

- Markets correcting
- Trailing & Forward PE corrected
- Decline in Forward PE was limited as estimates for earnings also fell
- Hence, the increase in equity allocation, based on average of the two, was gradual

- Equity allocation touched peak (~70%) with Equity Model suggesting 60% and macro overlay suggesting +10%
- The continues rally in May, resulted in reduced Equity allocation of ~60% by May end

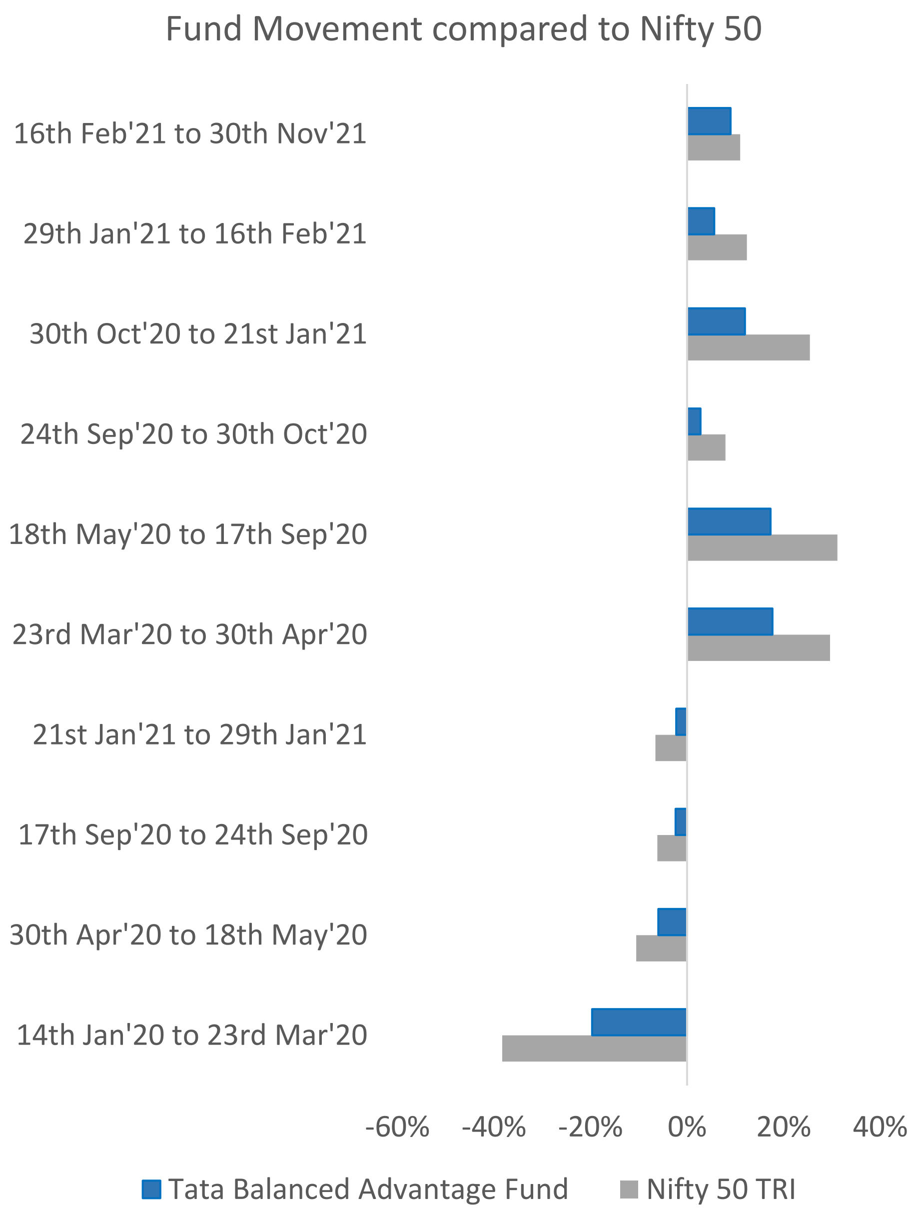
Month of Nov-
- Post the 8% correction but steady corporate profit growth, the avg PER is now indicating 50% equity vs. 40% for last 9-12 months
- However, momentum and technical indicators have turned negative due high volatility and weak global markets
- As a result, overall recommended equity allocation is 45% vs. 40% at present. We will therefore be using dips to gradually add equity exposure.

November Update: Net Equity allocation at 40%

PER model at 40% + Momentum/technical indicators inconclusive

FOCUS ON: Maintaining balance between **Defence** (stability of the portfolio in current times) and **Offence** (beta of the portfolio in case the pace of the recovery surprises positively).

NAVIGATING BULLS & BEARS



Market Rally

Average PE suggests low Equity Allocation, Momentum indicators have helped maintain higher levels

The fund is able to capture upside in rallies

Market Correction

- Trailing PE based on past earnings goes down
- Forward PE based on expected future earnings falls by less

Equity allocations based on an average of the two remains lower than if based on only Trailing PE

The fund’s NAV drawdown is limited in market downturns

In terms of the current Equity allocation, the portfolio is positioned to navigate both — market uptrend based on recovery hope and market correction

Source: Internal Calculation

MARKET IMPACT

TATA MUTUAL FUND

MARKET SCENARIOS		
Market Rally	**Market Correction**	**Range Bound Market**
•Markets continue to Rally on recovery hope •Slight risk of underperformance **What helps?** Momentum indicators have prevented lower Equity allocations	•Market corrects •We are well positioned and will see smaller drawdown **What helps?** Effect of Forward PE is captured and limits Equity Exposure	In a rangebound market, our performance from hereon will reflect the stock selection Higher weights in Telecom/pharma/IT/chemicals can be expected to offset the risk in Financials, in which we are underweight now

only indicative, not an attempt to predict future performance of the fund

SECTOR VIEWS

Financial Services:

Uncertainties on growth and NPA cycle post moratorium have reduced significantly leading us to reduce the extent of Underweight on the sector. In addition, the recovery potential can provide greater upside in the larger NBFCs and mid-sized banks

Information Technology:

We have reduced IT services to slight Underweight (from Equal weight before). Though the current environment and eventual increase in IT spending will favour the sector, mid cap IT valuations are at a significant premium to large cap which led to some profit booking in those holdings.

Energy:

We favour Oil & Gas and power utilities given the stability of earnings as well as tailwinds available for higher natural gas consumption due to differential vs. crude based liquid fuels. Certain power utilities are also becoming more ESG compliant and could gain from monetisation of their renewables business.

Pharma:

Overweight stance is driven by portfolio of generics and API companies as the sector benefits from steady generic prices, improved balance sheets and pipeline of specialty formulations. Pharma sector's valuation premium to NIFTY has reduced making the risk-reward attractive again.

Consumer Products:

Volume growth has recovered sequentially across categories. In addition, cost cuts have protected margins across companies. However, rural growth still is slow to recover and expensive valuations keeps us Underweight. Our exposure therefore is more selective and bottom-up and includes companies in packaged foods, low-ticket discretionary and electronic manufacturing.

Industrial/Cap goods/Cement:

Overweight on the sector as economy is fast transitioning to investment cycle recovery not only in government capex but also private investment cycle and real estate.

based on current market scenario & subject to change

FUND FACTS

Scheme Name	**TATA BALANCED ADVANTAGE FUND**
Investment Objective	The investment objective of the scheme is to provide capital appreciation and income distribution to the investors by using equity derivatives strategies, arbitrage opportunities and pure equity investments. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.
Type Of Scheme	An open ended dynamic asset allocation fund
Category of Scheme	Balanced Advantage
Fund Manager	**Equity** - Rahul Singh **Hedged Equity/Arbitrage** - Sailesh Jain **Debt** - Akhil Mittal
Benchmark*	CRISIL Hybrid 35+65 - Aggressive Index
Min. Investment Amount	Rs. 5,000/- and in multiple of Re.1/- thereafter
Load Structure	Entry Load: N.A.; Exit Load: 1) Redemption/Switch-out/SWP/STP on or before expiry of 365 days from the date of allotment: If the withdrawal amount or switched out amount is not more than 12% of the original cost of investment - NIL. 2) Redemption/Switch-out/SWP/STP on or before expiry of 365 days from the date of allotment: If the withdrawal amount or switched out amount is more than 12% of the original cost of investment - 1%. 3) Redemption / Switch-out/SWP/STP after expiry of 365 days from the date of allotment - NIL. w.e.f. 03 June, 2019
Plans & Options	Regular & Direct Plans with Growth & Dividend Options

*As a consequence of SEBI circular on Uniformity of Benchmarks, effective 1st Dec 2021—The scheme's benchmark has been revised to CRISIL Hybrid 50+50 - Moderate Index

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