

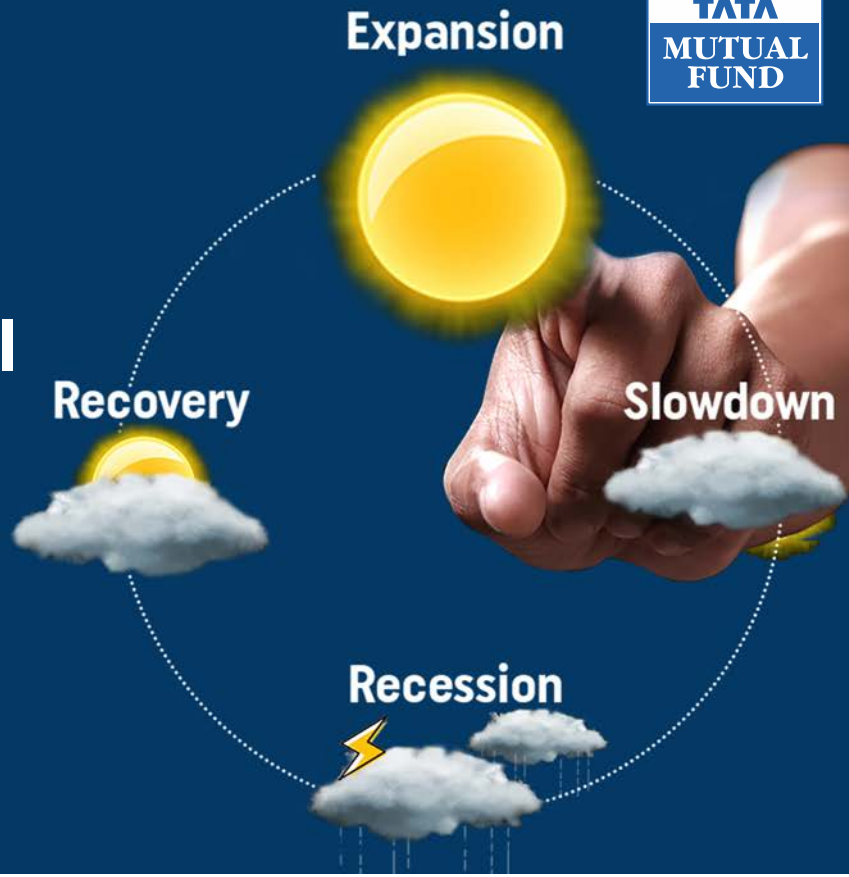
# TATA

## BUSINESS CYCLE FUND

(An open-ended equity scheme following business cycles based investing theme)



### Aims to weather it all



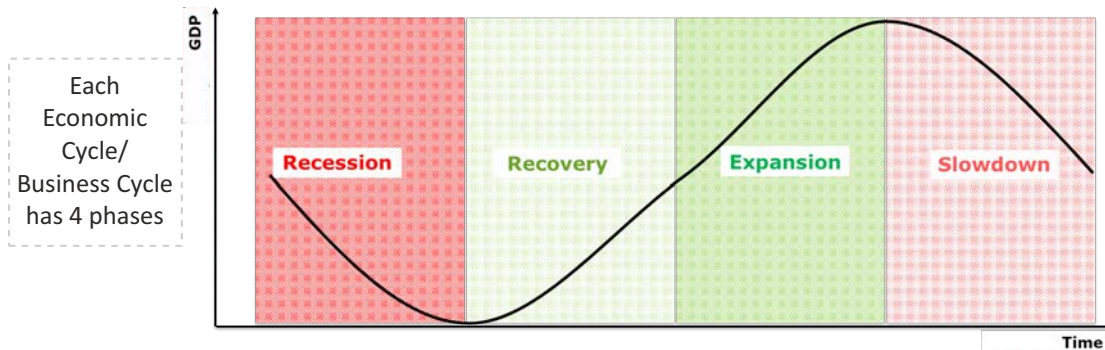
**NFO OPENS : 16<sup>TH</sup> JULY, 2021**  
**NFO CLOSSES : 30<sup>TH</sup> JULY, 2021**

### Business Cycles

The economy goes through a series of stages as it expands and contracts, characterised by downward or upward fluctuations of GDP.

Periods of growth result in business activity rising, where businesses innovate, produce new products, create jobs and invest in further growth. At the peak of the expansion phase, businesses are using their full capacity, and soon continued innovation and investments have lower impact.

Periods of slowdown give businesses the opportunity to reorganise their operations and rebuild for future growth. Businesses cut down on products and capacity and follow a more focused approach in their day to day functioning. At the trough of the slowdown phase, these renewed business models give rise to increased capacity and innovation



**This product is suitable for investors who are seeking\*:**

- Long Term Capital Appreciation.
- An equity scheme that invests predominantly in Indian markets with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles.

**\* 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 Very High Risk

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

## Business Cycles Investing

The returns investors achieve on their investments are driven in large part by changes in the business cycle. Each phase in the business cycle presents unique investment opportunities. So, incorporating business cycles theme into investments helps make the most of the current economic environment

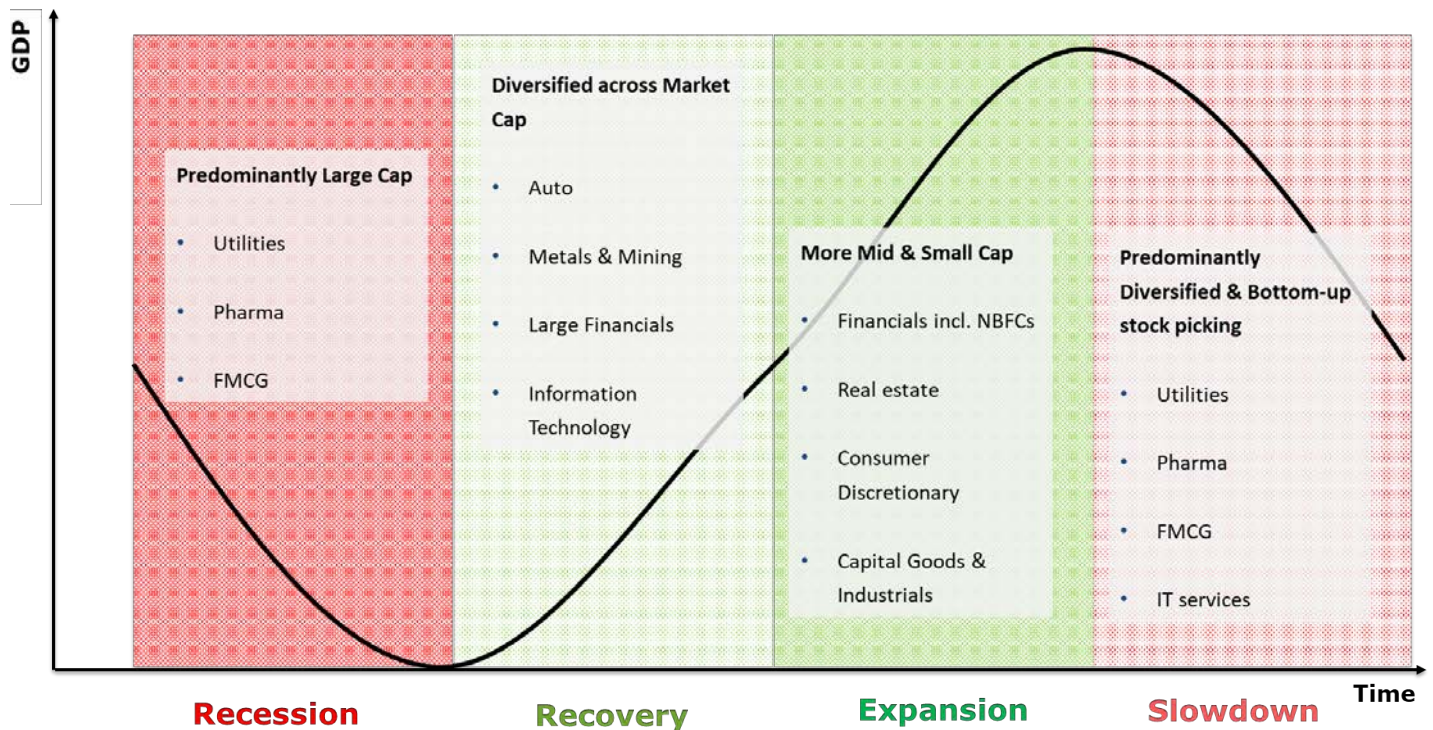
During a phase of recovery and expansion, Investments that are more sensitive to faster economic growth and business activity are likely outperform. There are generally referred to as cyclical stocks. These include

- Stocks of midsize and small companies, as well as emerging market equities
- Younger, growth-oriented firms and industries

During a phase of slowdown and recession, Defensive investments and those that are sensitive to falling interest rates have greater potential to outperform. There are generally referred to as defensive stocks. These include

- Stocks of larger and stable companies
- Businesses that experience steady consumer demand even during economic slowdowns

## Investing in different phases



Sectors /industries mentioned above is for illustration purpose only and it may or may not form part of actual portfolio of Tata Business Cycle Fund. Theoretically these sectors/segments are expected to perform well, actual performance may be impacted by other external factors and may not align with the above representation

## Why now?

01

### SHORTER BUSINESS CYCLES

With the duration of business cycles shortened, the need for a fund that changes with change in cycle has arisen

02

### IMPACT OF SECTOR ALLOCATIONS

Over the last few years, the impact of sector allocations has been greater on alpha generation versus stock level allocations.

03

### MARKET CONDITIONS

A fund that adapts to changes is needed because:

- Markets are at fair valuations
- Macro challenges posed by inflation and bond yields going up.

## Tata Business Cycle Fund

### Aim

To deploy the business cycle approach to investing to identify economic trends and invest in sectors and stocks that are likely to outperform

### Economic Trends

Investing as per the economic conditions – Cyclical during Expansion and Defensives during Contraction

### Focus on Sector Calls

#### Expansion

Buy either the sector leaders or Companies benefitting disproportionately from the sectoral tailwinds during economic & business cycles

#### Contraction

Invest in companies from sectors which provide cushion during downcycles

### Stock Selection

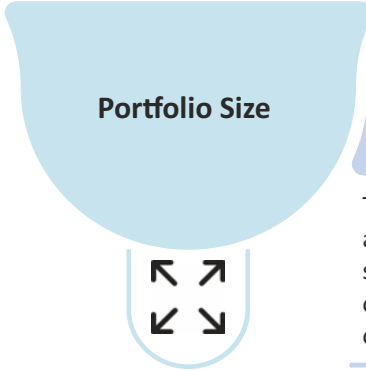
Extent of leverage to the cycle

Market cap agnostic

Management record

## Fund Characteristics

The size of the portfolio will vary depending on the cycle. In a contractionary cycle, we may have more stocks compared to an expansionary cycle



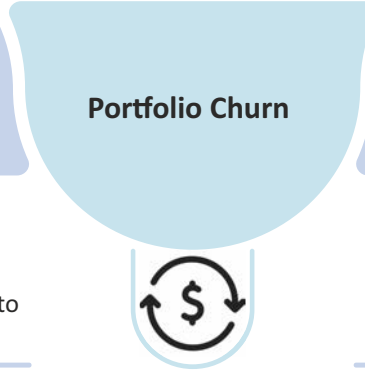
### Portfolio Size



### Sector Allocation

The business cycle theme may allow for a more aggressive stance in terms of sector over/under weight compared to other diversified funds

The churn in the portfolio will depend on how quickly the cycles are turning. Sudden upswings or downswings may cause higher churn



### Portfolio Churn



### Market Cap Allocation

With no constraint on market cap allocation, the split will be purely based on the business cycle phase, with focus on segments most likely to do well

## FUND DETAILS

<b>Scheme Name</b>	<b>Tata Business Cycle Fund</b>
<b>NFO Date</b>	<b>NFO Opens:</b> 16th July 2021 • <b>NFO Closes:</b> 30th July 2021
<b>Investment Objective</b>	To generate long-term capital appreciation by investing with focus on riding business cycles through allocation between sectors and stocks at different stages of business cycles. 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.
<b>Type of Scheme</b>	An open-ended equity scheme following business cycles based investing theme.
<b>Fund Manager</b>	Rahul Singh, Venkat Samala (Overseas Investment) and Murthy Nagarajan (Debt Portfolio)
<b>Benchmark</b>	Nifty 500 TRI
<b>Min. Investment Amount</b>	<b>Minimum subscription amount:</b> Rs 5,000/- and in multiple of Re.1/- thereafter. <b>Additional Purchase:</b> Rs.1000/- & in multiples of Re.1/- thereafter.
<b>Load Structure</b>	<b>Entry Load:</b> N.A. <b>Exit Load:</b> 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 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% of applicable NAV Redemption/Switch-out/SWP/STP after expiry of 365 days from the date of allotment-NIL

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