

# TATA MULTI ASSET OPPORTUNITIES FUND

*(An Open Ended Scheme investing in equity, debt and exchange traded commodity derivatives.)*

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

- Long Term Capital Appreciation
- Investment in equity & equity related instruments, debt instruments, exchange traded commodity derivatives and other instruments.

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

**Scheme Risk O Meter**



Investors understand that their principal will be at Very High Risk

**Benchmark Risk O Meter**



(It may be noted that risk-o-meter specified above is based on the scheme characteristics. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis.)

# WINNERS MAY NOT REPEAT....

CY2016	CY2017	CY2018	CY2019	CY2020	CY2021
Base Metal 19%	Equities 33%	Fixed Income 6.6%	Bullion 16%	Bullion 27%	Base Metal 30%
Fixed Income 10%	Base Metal 17%	Equities 0%	Composite commodities 10%	Base Metal 20%	Equities 27%
Composite commodities 9%	Fixed Income 5.8%	Bullion -1%	Fixed Income 9.5%	Equities 16%	Composite commodities 13%
Bullion 7%	Composite commodities 1%	Composite commodities -12%	Equities 8.8%	Fixed Income 10%	Fixed Income 4%
Equities 4%	Bullion 0.2%	Base Metal -18%	Base Metal -2%	Composite commodities -1%	Bullion -10%

## Commodity Components

- **Bullion** - Gold & Silver, Cash-Settled Trade Contracts
- **Base Metal** – Aluminium, Copper, Lead, Zinc and Nickel
- **Composite Commodities** – Bullion + Metals + Energy + Agriculture commodities

## Indices

- **Equities** – S&P BSE 200
- **Fixed Income** – Crisil Short Term Bond Index
- **Composite Commodities** – iComdex
- **Bullion** – MCX Bullion Index
- **Base Metal** – MCX Base Metal

.....AND NEITHER DO LOSERS

**MARKET PHASE**

**SLOWDOWN**

**RECESSION**

**RECOVERY**

**EXPANSION**

**IDEAL INVESTMENTS\***

Bonds



Cash



Equity

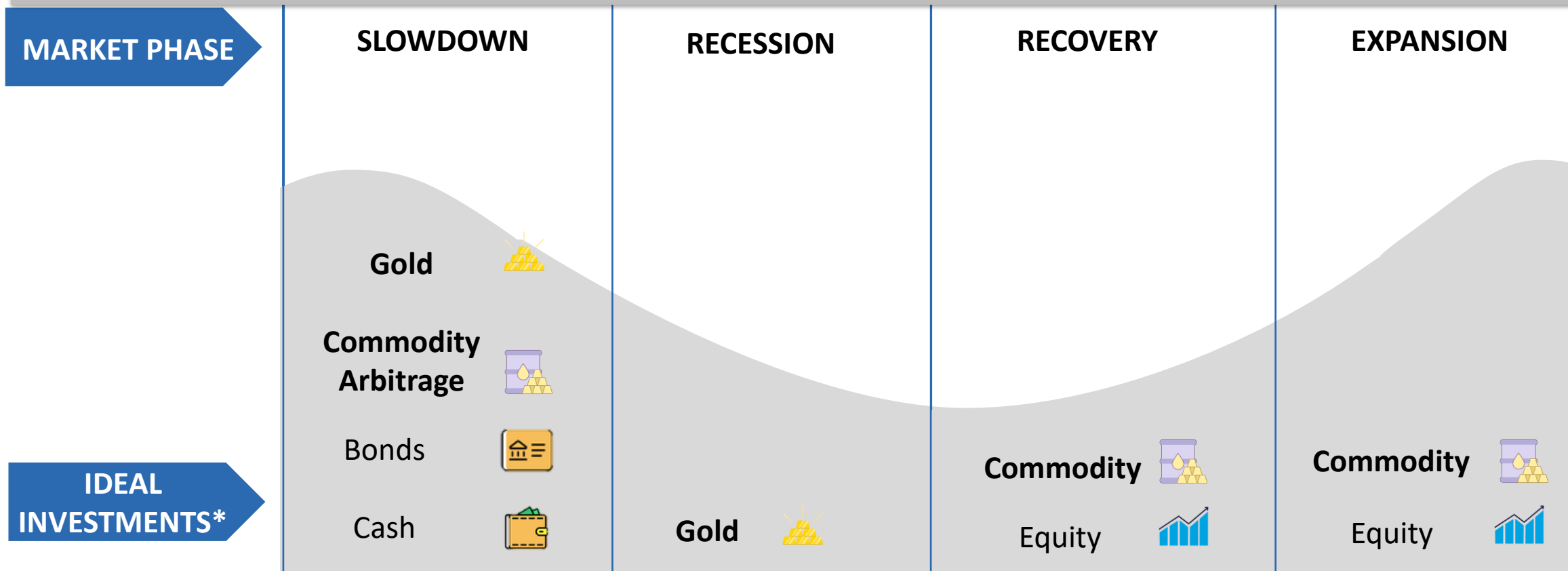


Equity



\*Theoretically the stage in the cycle allows for mentioned asset classes to perform better than others.

Across market phases, Commodities have potential to generate returns through Arbitrage and Directional strategies



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Mutual Funds are permitted to invest in commodities through Exchange Traded Commodity Derivatives



## Underlying Asset

Exchange Traded Commodity Derivative (ETCD)

## Investment Limits

- Single commodity: 10% of net asset value of the scheme, except for Gold ETF
- **Multi Assets Allocation Scheme – up to 30% of net asset value of the scheme**
- No Net Short Positions in ETCDs, considering its positions in physical goods and ETCD

## Eligible Commodities

All except sensitive commodities notified by SEBI from time to time

Indicative List of Eligible Commodities: Bullion, Industrial Metal, Energy and other Agriculture commodities

*NAV shall be updated by 9 AM on the following calendar day*

## BETTER RISK ADJUSTED RETURNS

High volatility in commodity prices provides opportunity to make higher than normal returns

## DIVERSIFICATION

Factors affecting Equity or Debt returns do not affect commodity returns in a similar manner.

## INFLATION PROTECTION

Commodities help hedge against inflation



## COMMODITY ARBITRAGE

Potential for higher returns through commodity arbitrage

## LIQUIDITY OF COMMODITY DERIVATIVES

Easy to buy and sell commodity derivatives.

## LOWER MARGIN

Margin for commodity derivatives is much lower than that for other asset classes.

# **PIONEERING COMMODITY INVESTING THROUGH MUTUAL FUNDS IN INDIA**

**TATA MULTI ASSET OPPORTUNITIES FUND**

**MULTI** ASSET  
&  
STRATEGY

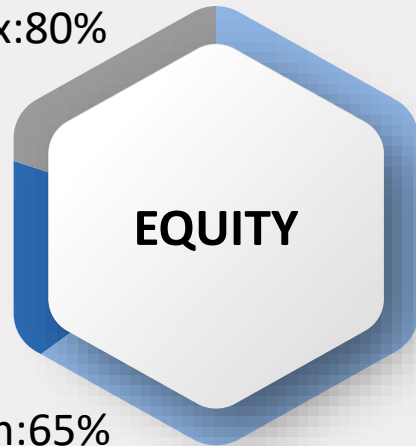


Max:25%



Min:10%

Max:80%



Min:65%

Max:25%



Min:10%

Max:10%



Min:0%

Tata Multi Asset Opportunities Fund



COMMODITIES



EQUITIES



FIXED INCOME

## Fund Philosophy

To generate returns across market phases through a combination of asset classes

## Impact of Commodities

Commodity derivatives have the potential to enhance overall returns of the portfolio

### COMMODITIES PORTFOLIO

Commodities Arbitrage

Commodities Directional

Commodities Calendar Spread

### EQUITY PORTFOLIO

Earnings Stability

Earnings Upgrades

Earnings Turnaround

### FIXED INCOME PORTFOLIO

Accrual Strategy

High Quality Focus

The fund has provision to invest in Reits & Invits as well

# TYPES OF COMMODITY DERIVATIVES TRADES

Tata Multi Asset Opportunities Fund

COMMODITIES

+

EQUITIES

+

FIXED INCOME

## Arbitrage

Objective

To lock in the difference in value between two contracts

Execution

Long of one month and short of the subsequent month (Contracts executed through physical delivery)

## Directional

To make gains from rise in price

Long only derivative

## Calendar Spread

To make gains from widening or narrowing of spreads

Widening: Long & Short Derivatives  
Narrowing: Short & Long Derivatives

# MULTI STRATEGY EQUITY PORTFOLIO – BALANCED ACROSS 3 E's



- Well rounded investment strategy
- Combination of investment ideas across earnings cycle
- Portfolio construct flexible in terms of market cap
- Each segment plays a role in optimizing risk-return trade-off
- Diversified portfolio

**MULTI** ASSET  
&  
STRATEGY

\*Equity exposures to be hedged if required based on outlook

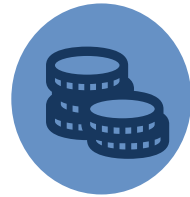
# FIXED INCOME PORTFOLIO – THE SAFETY NET



**High Quality Portfolio**  
Focus on high quality papers  
undertaking low credit risk



**Regular Income**  
Scope of regular income  
irrespective of direction of  
interest rates



**Accrual Focus**  
Focused on generating accrual  
income with some returns from  
interest rate movements



**High Liquidity**  
Focus on maintaining high  
liquidity



## **TATA MULTI ASSET OPPORTUNITIES FUND**

### **CURRENT POSITIONING OF EQUITY, COMMODITIES & FIXED INCOME**

## Scheme asset allocation(%) on a monthly basis

	Equity Unhedged	Hedged Equity	Debt	Commodities Unhedged	Commodities hedged	Mutual Fund Units	Treps / Repo / Net Current Asset /Liabilities
Aug-22	58.05	8.58	11.30	5.24	12.32	0.00	4.51
Jul-22	58.77	8.73	12.66	6.05	12.49	0.00	1.30
Jun-22	57.40	9.94	10.96	5.85	7.70	0.00	8.15
May-22	57.25	10.17	10.35	5.91	5.39	0.00	10.93
Apr-22	55.01	9.94	10.41	2.83	11.35	0.00	10.46
Mar-22	54.92	10.42	7.32	2.50	20.09	0.00	4.75
Feb-22	54.82	11.47	9.68	3.50	14.70	2.33	3.50
Jan-22	56.76	9.05	9.78	7.76	6.34	2.34	7.97
Dec-21	58.10	9.78	10.17	7.58	8.31	2.42	3.64
Nov-21	55.87	10.02	10.67	4.65	10.51	2.53	5.75
Oct-21	56.15	10.74	11.08	4.06	17.45	1.99	-1.55
Sep-21	55.74	9.98	7.52	8.99	9.36	2.09	6.41
Aug-21	58.48	8.28	7.52	8.99	10.13	2.24	4.36

\*cash margin maintained has been included in the net current assets



- The equation is getting clearer day by day. Selected commodity prices are correcting downward incessantly over the past few months. Especially, Industrial ferrous and non-ferrous metal prices have dropped with an average loss of over 10% - 15% Year-till-date. No respite for silver metal as it has been taking strong cues from the other metal's trend and is down in the range of 5% - 10%. However, Gold is now proving to be called as a safe-haven asset as well as an inflation-hedged commodity and is seen to be performing as the best across asset classes.
- Oil & Gas although holding strongly, have come off marginally from skyrocketed prices. Oil is still holding above 90USD/barrel up by 30% while gas continues to rise amid supply concerns and is still up by 120+%
- The wrap of the story suggests some of the prominent macros are continuing to play the major role in the market.
  - Raising interest rates by the Central Banks to curtail inflation amid economic growth concern continues to be the limelight event in the current scenario.
  - Fading demand from major consumers dragging commodity price lower hinting of lower economic growth.
  - Volatile and resilient performance of US dollar driving commodity price lower as the cost of consumption rises.
  - Seasonal demand for some commodities is lower in the northern hemisphere pulling commodity prices lower barring few like oil and Gas.



Tata Multi Asset Opportunities Fund

COMMODITIES

+

EQUITIES

+

FIXED INCOME

- The current environment suggests commodities trend will be non-linear in the short to medium term. Risk-off trade shall continue to support gold bullion while silver, that has declined sharply in the recent months might witness heavy volatility as it may take cues from both gold and industrial metals trends. Overall non-ferrous metals pack may not see homogeneity in the trend. We believe Zinc and Aluminium may continue to remain robust in 2H22 & 1H23 amid supply tightness while copper and lead metals might remain under stress. Oil supply continues to be a worry for the world market and considering the oil balance the overall trend looks positive however, volatility cannot be ruled out. Lastly Gas price trend may continue to remain upbeat but more than demand-supply balance it will be majorly driven by the geo-political development.
- On the fund's perspective, we are expecting to go 4 to 5% long in gold metal and tactical trades in oil and very selective industrial metals. However, the major focus in the fund shall continue to be on the arbitrage trade to bring in safely to the overall fund.



- The Equity weight in Multi-asset fund has been built gradually since the NFO and averages at 59% for the year. The equity allocation in multi-asset will be relatively static.

## 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 remain Equal Weight on IT services as we believe that the current environment and eventual increase in IT spending will favour the large cap IT companies. Incremental weight addition in the sector has been in large cap segment given the absence of any valuation premium vs. midcaps.
- **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, urban 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.



- Federal Reserve hikes rates by 75 basis points with hawkish guidance, Increases terminal rates expectation to 4.75 %
- Other Central Banks follow the Federal Reserve in hiking rates by 50 to 100 basis points.
- Synchronised Rate hikes by central banks increases recession risk in the Global Economy
- Indian Government is coordinating with RBI to bring CPI inflation down, as food inflation and oil prices cannot be controlled by monetary policy.
- We continue to run lower average maturity in the debt portion . We have investing in high quality corporate bonds and G secs in the short end of the yield curve to get benefit of higher accruals and minimize mark to market losses.

## Top 10 Holding (%) - Equities

ICICI Bank Ltd.	5.64
HDFC Bank Ltd.	4.56
Reliance Industries Ltd.	3.94
HDFC Ltd.	3.72
State Bank Of India	3.14
Infosys Ltd.	2.93
Bharti Airtel Ltd.	2.64
Larsen & Toubro Ltd.	2.57
Tata Consultancy Services Ltd.	2.50
Bank Of Baroda	1.38

## Top 10 Sectors (%) - Equities

Financial Services	23.25
Information Technology	7.50
Capital Goods	4.62
Oil Gas And Consumable Fuels	4.58
Healthcare	3.40
Power	2.65
Telecommunication	2.64
Chemicals	2.59
Construction	2.57
Construction Materials	2.54

### Benchmark\*

65% S&P BSE 200 + 15% CRISIL Short Term Bond Fund Index + 20% iCOMDEX Composite Index

### AUM

Rs. 1458.92 Crores

### Inception Date

March 12, 2020

### Fund Manager (Managing Since 12-Mar-20)

Rahul Singh (Equity) , Sailesh Jain (Equity Arbitrage) , Murthy Nagarajan (Fixed Income) and Aurobinda Prasad Gayan (Commodities)

## Fixed Income Rating Distribution

AAA/A1+

100%

### Portfolio Macauley Duration

0.63 Years

### Modified Duration

0.61 Years

### Average Maturity

0.69 Years

### Gross Yield to Maturity (For Debt Component)

5.04%

## Market Capitalisation wise Exposure—Equities

Large Cap	79.00%
Mid Cap	12.17%
Small Cap	8.83%

**Market capitalization as per SEBI circular:** A) Large Cap: 1st-100th company in terms of full market capitalization. B) Mid Cap: 101st-250th company in terms of full market capitalization. C) Small Cap: 251st company onwards in terms of full market capitalization.



**Rahul Singh**



Chief Investment Officer (CIO), Equity

With 23 years+ of experience in Capital Markets and Investments, he joined Tata Asset Management in October 2018 to lead our Fund Management & Equity Research teams

In his previous role, he was Managing Partner with Ampersand Capital Investment Advisors LLP. His experience repertoire includes Multi-national Financial Institutions such as Standard Chartered Securities and Citigroup Global Markets India

He is an alumnus of the prestigious Indian Institute of Management (IIM), with an MBA in Finance & Financial Services. He is also a Bachelor in Technology in Mechanical Engineering



**Murthy Nagarajan**

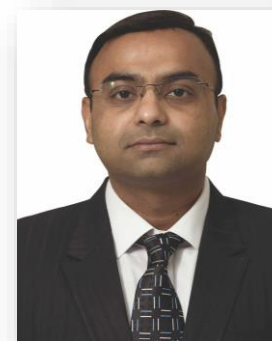


Head of Fixed Income

Murthy brings in a rich and valuable industry experience of more than 20 years in the financial services space.

Prior to his appointment at Tata Asset Management, he was working with Quantum AMC. He was also associated with Mirae Asset Global Investment India Ltd. in the Investment Department as the Head of Fixed Income for more than two years.

Murthy holds a Master of Commerce degree and has completed his PGDBA from Somaiya Institute of Management and Research.



**Sailesh Jain**



Equity Fund Manager

With more than 16 years of experience in both fund management and broking, Sailesh joined Tata Asset Management in November 2018 as Fund Manager (Equities).

He has worked as a Fund Manager at Lotus India Mutual Fund and has also headed the Derivatives desk at IIFL. His prior stints include IDFC Securities where he was heading the Institutional Derivatives desk.

Sailesh is an MBA (Finance) from Queensland University of Technology from Australia.



**Aurobinda Prasad Gayan**



Head- Commodities Strategy

Aurobinda has over 15 years of experience in the areas of Financial Research, Currency & Commodity Analysis Management.

In his earlier stints, he has worked with Kotak Commodities, Mumbai as Vice President Research and with Karvy Comtrade Ltd as Research Head for over 9 years. He started his career with a FX broker as a Research Analyst.

Aurobinda is a gold medalist in "Operations research" and has completed his MBA Finance from Cochin University.

<b>Scheme Name</b>	<b>TATA MULTI ASSET OPPORTUNITIES FUND</b>
<b>Investment Objective</b>	The investment objective of the scheme is to generate long term capital appreciation . 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 Scheme investing in equity, debt and exchange traded commodity derivatives.
<b>Fund Manager</b>	Rahul Singh, Murthy Nagarajan, Sailesh Jain and Aurobinda Prasad Gayan
<b>Benchmark</b>	Composite Index: 65% S & P BSE 200 + 15% CRISIL Short Term Bond Fund Index + 20% iComdex
<b>Min. Investment Amount</b>	Rs. 5,000/- and in multiple of Re.1/- thereafter
<b>Load Structure</b>	Entry Load: N.A. Exit Load: <ul style="list-style-type: none"><li>• Exit Load is Nil, if the withdrawal amount or switched out amount is not more than 12% of the original cost of investment on or before expiry of 365 days from the date of allotment.</li><li>• Exit load is 1% of the applicable NAV if the withdrawal amount or switched out amount is more than 12% of the original cost of investment on or before expiry of 365 days from the date of allotment.</li><li>• No Exit load will be charged for redemption or switch out after expiry of 365 days from the date of allotment</li></ul>

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Investors understand that their principal will be at Very High Risk

**Benchmark Risk O Meter**



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