

# 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 instrument and in exchange traded commodity derivatives.

**\*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.

CY2016	CY2017	CY2018	CY2019	CY2020
Base Metal 19%	Equities 28%	Fixed Income 6.6%	Bullion 16%	Bullion 27%
Fixed Income 10%	Base Metal 17%	Equities 4.5%	Equities 12%	Base Metal 20%
Composite commodities 9%	Fixed Income 5.8%	Bullion -1%	Composite commodities 10%	Equities 15%
Bullion 7%	Composite commodities 1%	Composite commodities -12%	Fixed Income 9.5%	Fixed Income 10%
Equities 3%	Bullion 0.2%	Base Metal -18%	Base Metal -2%	Composite commodities -1%

### 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** – Nifty 50
- **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

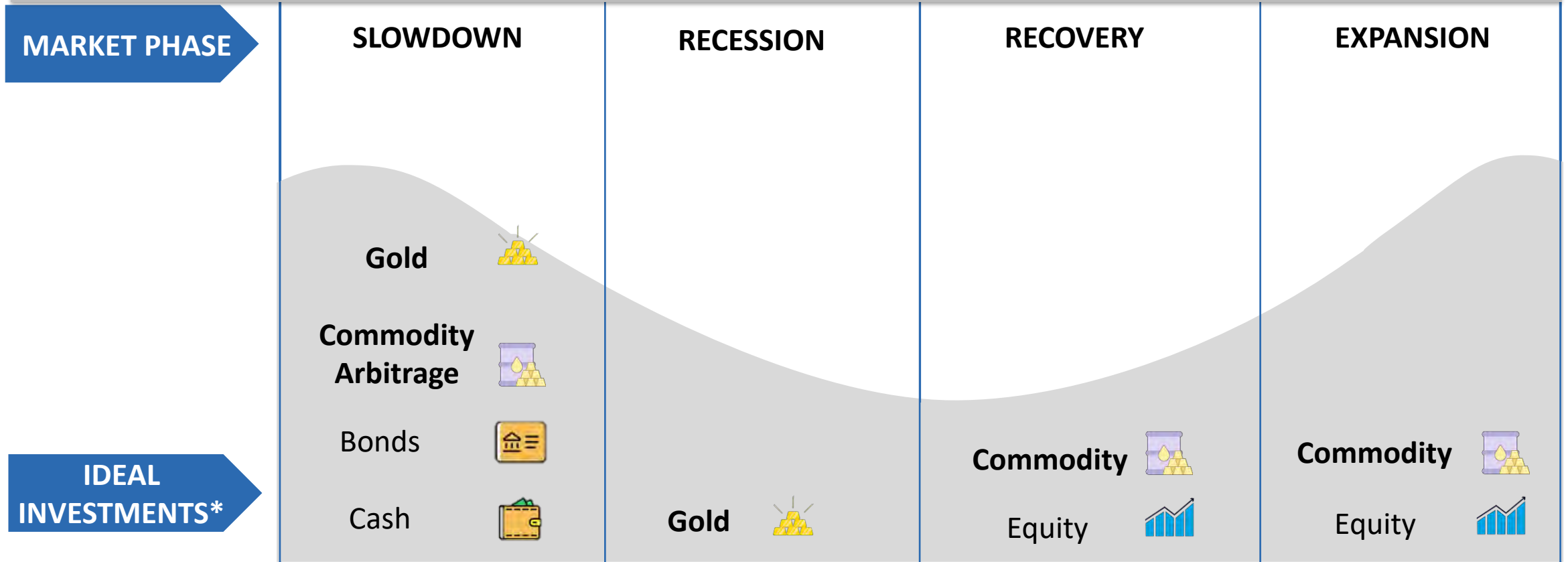


Equity



\*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



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

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

## Precious Metals

Gold and Silver



## Industrial Metals

Aluminum,  
Copper, Lead,  
Zinc and Nickel



## Energy

WTI / Brent  
crude, Oil and  
Natural gas



## Agriculture Commodities

Edible Oil – Soy  
bean, Soy Oil,  
Mustard Seed  
and Crude Palm  
Oil, Castor Seeds



## Soft Commodities

Cotton and  
Cotton Seed Oil  
Cake, Guar Gum,  
Cumin Seed and  
Turmeric



## Underlying Asset

Exchange Traded Commodity Derivative (ETCD)

## Investment Limits

- Single commodity: 10% of AUM except for Gold ETF
- **Multi Assets Allocation Scheme – up to 30%**
- 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%

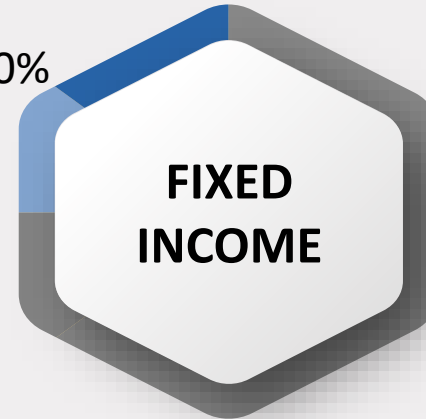
Max:80%



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 to enhance returns of the Equity + Debt 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

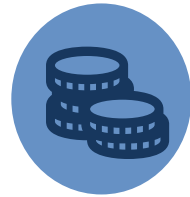
# FIXED INCOME PORTFOLIO – THE SAFETY NET



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



**Regular Income**  
Regular savings 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	Treps / Repo / Net Current Asset /Liabilities/Mutual Fund	Reits/Invits
Aug'21	58.48	8.28	7.52	8.99	10.13	6.60	0.00
Jul'21	58.76	7.43	8.18	4.96	9.07	11.60	0.00
Jun'21	60.28	6.03	8.07	2.40	15.46	7.33	0.43
May'21	59.68	4.96	8.24	0.74	19.26	6.64	0.47
Apr'21	63.32	3.00	9.47	3.42	18.67	1.68	0.44
Mar'21	61.59	3.45	7.65	9.33	11.73	6.26	0.00
Feb'21	64.52	2.00	8.32	7.40	11.64	6.09	0.00
Jan'21	62.71	2.22	12.18	5.96	9.42	7.52	0.00
Dec'20	66.70	0.00	9.51	2.92	6.08	14.79	0.00
Nov'20	65.83	0.00	10.25	3.53	15.04	5.31	0.00
Oct'20	67.09	0.00	11.06	3.49	12.89	5.49	0.00
Sep'20	66.34	0.00	10.20	4.28	10.67	8.51	0.00

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

Tata Multi Asset Opportunities Fund

COMMODITIES

+

EQUITIES

+

FIXED INCOME

- In the month of August, the fund continued to hold maximum exposure in precious metals via positions in Gold, Silver & Bullion Index. The positions are predominantly hedged trades. We continued to hold our exposure in Silver close to the 9% mark through the month until expiry where we cut our position to approximately over 5%. Gold exposure of 5% was carried forward at the start of August which was taken up to over 7% with fresh arbitrage positions created through the month. We also had exposure to Bullion Index which comprises of both the precious metals, at 1.5% which took our exposure to precious metals to almost 70% of the overall commodity exposure for the month. As volatility in the market continued with mixed responses due to the Global Covid situation & Economic recovery, we maintained limited exposure in directional long trades. The fund also saw an addition of almost 3.5% of the fund's AUM in the form of fresh arbitrage trades in Copper.
- In continuation of non-linearity and portfolio diversification, the fund continued to build minimal exposure in other commodities like Crude Oil, Metal Index, Zinc, & some Agri Commodities like Mustard & Cottonseed Oil Cake in arbitrage as well as directional long trades. The fund continued its exposure in the Bullion and Base Metal index in the form of spreads & long positions.
- Overall Commodities exposure in Tata Multi Asset Opportunity Fund was taken up to a little over 19% by month end from the 14% level at close of July. We continued to hold around 75-80% of the allocation in the form of Arbitrage trades while rest were Long-Only and Spread trades.





- The Equity weight in Multi-asset fund has been built gradually since the NFO and averages at 65%. 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.



- Borrowing programme for second half should be around Rs 5 Lakh crores, with weekly supply of government paper of around Rs 22000 to 25000 Crores. Finance ministry officials are indicating there will be no extra borrowing in the current financial year. The government is pruning the non capital expenditure of the various government departments.
- Given the delta variant scare in the global markets, RBI will go slow on removing the accommodative monetary stance. RBI governor has indicated he wants growth to be both durable and sustainable before he embarks on hiking interest rates.
- RBI focus is now more on removing excess liquidity from the banking system. The Variable Repo Rate Auction absorption is at Rs 3.5 Lakhs which will go to Rs 4 Lakhs in the next 14 day VRR auction. Excess liquidity in the banking system is now at Rs 8.6 Lakh crores.
- 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. We will be increasing the maturity as the supply of long dated papers is expected to come down in the second half of this financial year

## Top 10 Holding (%) - Equities

Reliance Industries Ltd.	5.06
ICICI Bank Ltd.	5.05
Infosys Ltd.	3.94
Bharti Airtel Ltd.	3.44
HDFC Ltd.	3.07
Tata Consultancy Services Ltd.	2.92
State Bank Of India	2.66
HDFC Bank Ltd.	2.47
HCL Technologies Ltd.	1.60
Ultratech Cement Ltd.	1.60

## Top 5 Sectors (%) - Equities

Financial Services	17.16
IT	10.77
Oil & Gas	6.39
Power	4.19
Consumer Goods	3.84

## Market Capitalisation wise Exposure—Equities

Large Cap	77.51%
Mid Cap	13.36%
Small Cap	9.13%

<b>Benchmark</b>	65% S&P BSE 200 + 15% CRISIL Short Term Bond Fund Index + 20% iCOMDEX Composite Index
<b>Monthly Average AUM</b>	Rs. 938.87 Crores
<b>Inception Date</b>	March 12,2020
<b>Expense Ratio</b>	Direct-0.51   Regular- 2.36
<b>Fund Manager (Managing Since 12-Mar-20)</b>	Rahul Singh (Equity) , Sailesh Jain (Equity Arbitrage) , Murthy Nagarajan (Fixed Income) and Aurobinda Prasad Gayan (Commodities)

## Fixed Income Rating Distribution

AAA/A1+	100%
---------	------

<b>Portfolio Macauley Duration</b>	1.75 Years
<b>Modified Duration</b>	1.68 Years
<b>Average Maturity</b>	1.96 Years
<b>Gross Yield to Maturity (For Debt Component)</b>	3.87%

**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.



**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.



**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.

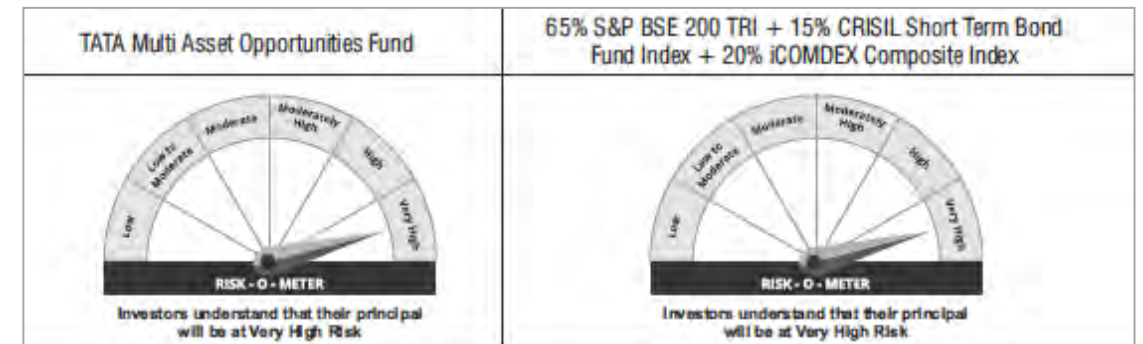
Sailesh is an MBA (Finance) from Queensland University of Technology from Australia.

<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, Aurobinda Prasad Gayan & Sailesh Jain
<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>

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

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

**\*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