UNIFI MUTUAL FUND

UNIFI DYNAMIC ASSET ALLOCATION FUND

An open-ended hybrid mutual fund scheme that invests in a dynamically managed portfolio of debt and equity with an intent to generate income and capital appreciation over medium to long-term

The albatross can stay in the air for months without landing, using a technique called dynamic soaring-it rides wind currents with ease

Unifi Dynamic Asset Allocation Fund

Scheme Type: An open-ended dynamic asset allocation fund

Scheme Category: Hybrid-Dynamic Asset Allocation

Scheme Code: UNFI/O/H/DAA/25/01/0001

NFO dates: 3rd March,2025 to 7th March,2025

Re-opening date: 21st March,2025

Product Label

This product is suitable for investors who are seeking*	Risk–o meter of the Scheme	Risk–o–meter of Benchmark Tier I: CRISIL Hybrid 50 + 50 Moderate Index (TRI)
• Income generation and Capital appreciation over medium to long term. • Investment in diversified portfolio of debt, money market, equity and equity related instruments while managing risk through active asset allocation.	 Investors understand that their principal will be at High Risk.	 Benchmark Risk–o–meter is High.

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

The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Asset allocation

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equities & Equity related instruments	0%	100%
Debt Securities and Money Market Instruments#	0%	100%

#Debt instruments shall be deemed to include securitized debts (excluding foreign securitized debt) and investment in securitized debts may be up to 40% of the debt assets of the scheme

Unifi Dynamic Asset Allocation Fund – Executive Summary

1. Investor predicament

- Rebalancing portfolio based on economic cycles
- Traditional fixed-income investments struggle to deliver real returns after accounting for inflation & taxes
- To protect downside risk and expect return stability

2. Indicative allocation framework

Complete discretion to allocate 0% to 100% across segments of Debt and Equity guided by growth-inflation trajectory

- **Dynamic debt[1]**
- **Controlled equity[2]**

Considering economic indicators, volatility, taxation aspects and to maintain a non-debt, non-equity status, the scheme will aim to have 36%-64% allocation each in debt and equity segments to optimize yields and control risk

3. Investment approach (Debt & Equity)

Risk – Low to High

Debt	Equity
G-Sec & T-bills	Cash-futures arbitrage
PSU & PFI issued debt/ CPs/CDs	Corporate events arbitrage*
AAA & AA corporate bonds/CPs	Large & Mid-cap equity
AA-, A & BBB rated corporate bonds/CPs	Small-cap equity
Below BBB rated bonds	Open derivatives

Debt: 36% to 64% allocation to green and orange zone, basis economic outlook; No allocation

Equity: 36% to 64% allocation to green and orange zone, basis economic outlook; No allocation

4. Portfolio goals

- Real returns over inflation
- Low volatility
- Applicable taxation**
- Endeavour is to provide an alternative choice to conventional fixed-income instruments

Bottom-up due diligence of each opportunity ▶ Rigorous post-investment monitoring ▶ Experienced team with expertise in handling hybrid strategies ▶ Prudent portfolio risk management policies

Refer to SID & SAI for further details

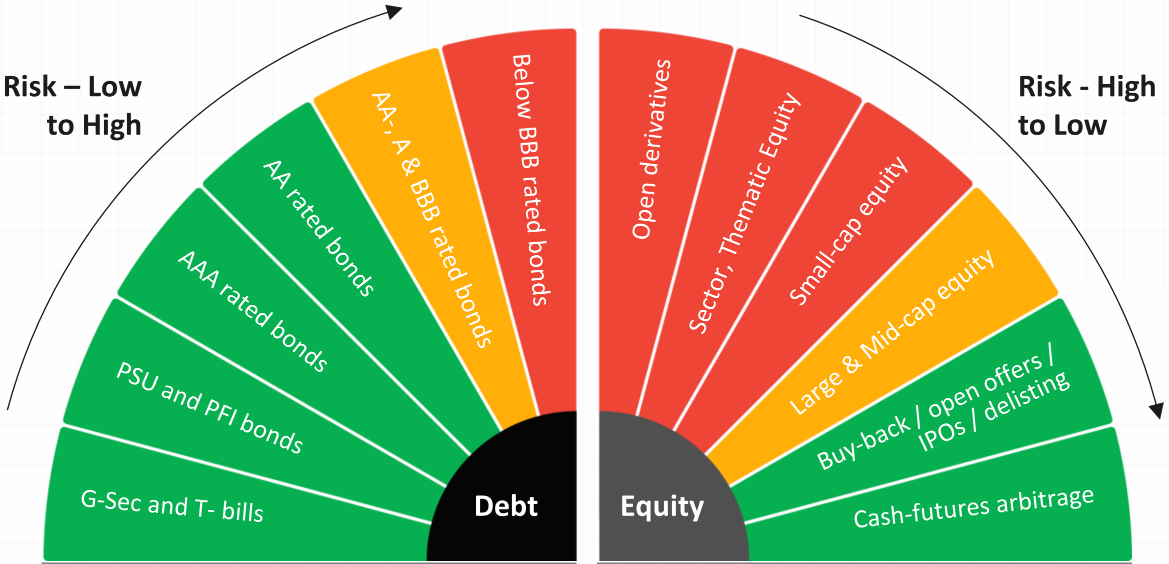
[1]Dynamic debt refers to allocation across the rating and duration spectrum

[2]Controlled equity means majority allocation to cash-futures arbitrage to reduce portfolio volatility

*Open offers / buy-backs / IPOs / delisting

** For other than equity-oriented funds, if period of holding is >24 months, 12.5% LTCG. For equity-oriented funds, if period of holding is >12 months, 12.5% LTCG. Tax laws are subject to change and the current position may not continue indefinitely. Please consult your tax advisor for ascertaining specific tax liability

Unifi Dynamic Asset Allocation Fund – Investment Universe



Debt
- 0% allocation to red zone
- 36 to 64% allocation to green and orange zone depending on economic outlook

Equity
- 0% allocation to red zone
- 36 to 64% allocation to green and orange zone depending on economic outlook

- The fund has complete discretion to allocate 0% to 100% across various segments of debt and equity
- This flexibility will be aimed to prudently limit downside risk across economic cycles while striving to achieve meaningful real returns over inflation
- Accordingly, the endeavour is to have priority allocation to low volatile segments in debt and equity (green zone), and orange zone to opportunistically enhance yields
- There will be no allocation to highly volatile red zone segments

1. Refer details on Investment Strategy, refer SID page no.17.
2. Definitions: i) Large-Cap: 1st -100th company in terms of full market capitalization, ii) Mid-Cap: 101st -250th company in terms of full market capitalization, iii) Small Cap: 251st company onwards in terms of full market capitalization

Indicative asset allocation matrix

- Domestic GDP growth and inflation are the key macro-economic variables that impact market prices and volatility of various segments of debt and equity
- The matrix below provides the indicative pecking order of fund's allocation among chosen segments, considering the growth-inflation cycle at that point in time

	Rising Inflation	Falling Inflation
Rising Growth	➢ Short & medium-term G-Sec & AAA ➢ Short-term corporate bonds ➢ Large-cap equity ➢ Special situation equity – event arbitrage ➢ Cash-futures arbitrage	➢ Short- & medium corporate bonds ➢ Medium-term AAA & G-Sec ➢ Diversified equity ➢ Special situation equity – event arbitrage ➢ Cash-futures arbitrage
Falling Growth	➢ Special situation equity – event arbitrage ➢ Short-term G-Sec & AAA ➢ Cash-futures arbitrage	➢ Medium term – G-Sec & AAA ➢ Special situation equity – event arbitrage ➢ Cash-futures arbitrage

This fund is tailored to dynamically shift among segments of debt & equity based on economic cycles

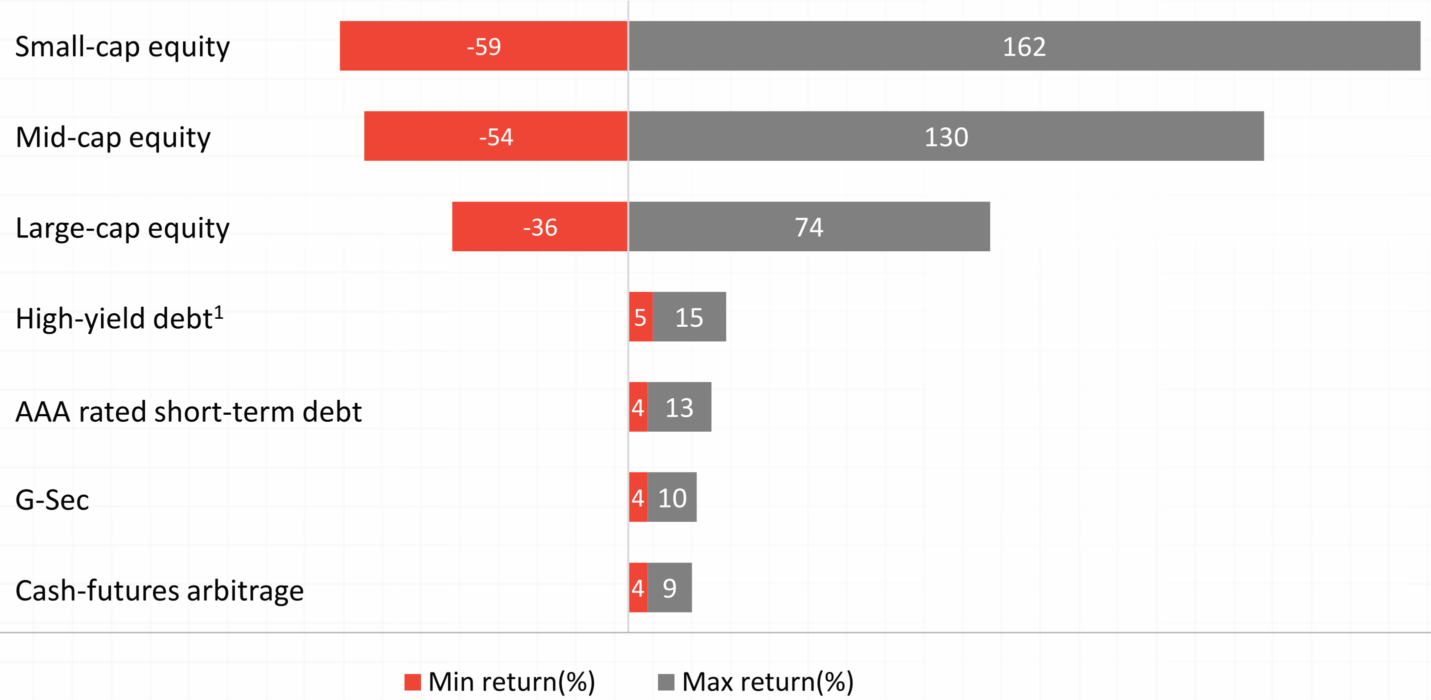
Note: The matrix is only an indication of how allocation is approached during different cycles. The Fund Managers will retain flexibility to choose the appropriate segments and pecking order considering the economic cycles and availability of instruments

Performance of various segments of debt & equity and corresponding volatility

01 Each segment of debt and equity have different return and volatility profile

02 There is a positive correlation between the volatility endured and longer-term returns

High risk, high returns



	Average return	Standard deviation / volatility
Small-cap equity	20.4%	51.3%
Mid-cap equity	18.1%	41.9%
Large-cap equity	13.7%	26.6%
High-yield debt[1]	10.9%	2.8%
AAA rated short-term debt	8.1%	2.5%
G-Sec	7.4%	2.0%
Cash-futures arbitrage	6.4%	1.8%

The chart captures data from FY2006 to FYTD25*

*FYTD25 represents return of Apr’24 to Jan’25
Source: NSE, BSE, AMFI, CRISIL. Returns represent point to point for the period
Average return represents simple average. Standard deviation is computed based on yearly returns
[1] High-yield debt refers to returns from credit risk funds which includes AA and below rated debt

Note: The table above is derived from internal analysis and does not represent a projection of this fund’s performance. Past performance is not necessarily indicative of future results. Investments carry varying levels of risk, and there is no guarantee that any specific investment strategy, whether referenced directly or indirectly, will be profitable or match historical performance

Understanding economic cycles and asset performance

UNIFI MUTUAL FUND

Key indicators

- Real GDP growth
- Inflation

Scenario

- Rising growth - Rising Inflation
- Rising Growth, Falling Inflation

Internal Analysis to test the hypothesis – *Different segments outperform at different cycles*

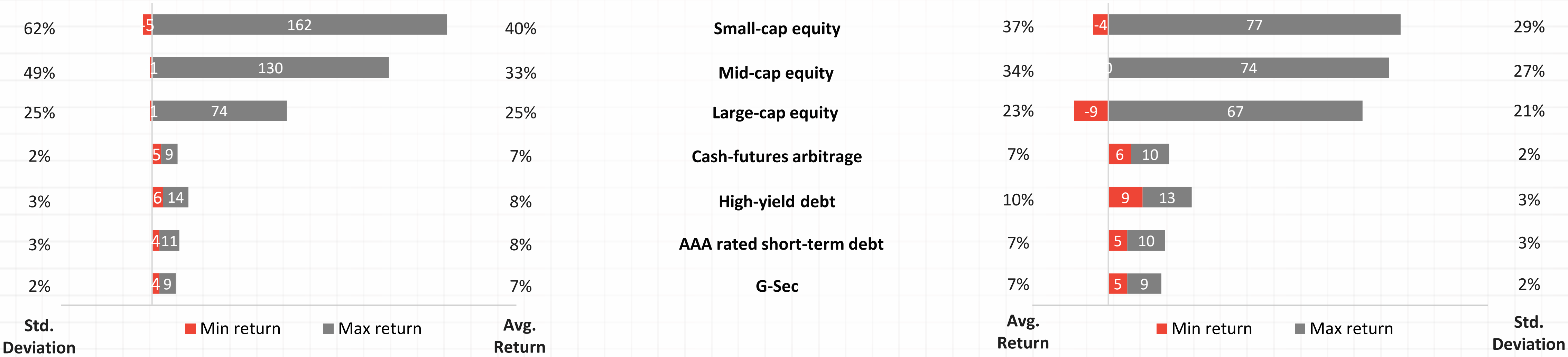
- Performance of various segments of debt & equity analyzed across each cycle
- Past 20 years (FY06-FYTD25) grouped to corresponding economic cycles

1. Rising growth, rising inflation

Years: FY07, FY08, FY14, FY10, FY23

2. Rising growth, falling inflation

Years: FY06, FY11, FY15, FY16, FY17, FY22, FY24



Performance Inference – Long Equities are relatively less volatile in this cycle

Equity segment – 1. Small-cap 2. Mid-cap 3. Large-cap 4. Cash-futures

Debt segment – 1. High-yield 2. AAA rated short term 3. G-Sec

Performance Inference – Long Equities have exhibited least volatility in this cycle

Equity segment – 1. Small-cap 2. Mid-cap 3. Large-cap 4. Cash-futures

Debt segment – 1. High yield 2. AAA rated short-term 3. G-Sec

Source: NSE, BSE, AMFI, CRISIL. Returns represent point to point for the period

Average return represents simple average. Standard deviation is computed based on yearly returns.

Min & Max return represent highest and lowest yearly returns

*FYTD25 represents returns from Apr'24 to Jan'25

Note: The analysis is internal and for generic purposes. It does not imply/guide the fund's performance. This is based on historic information and is not reflective of future performance

Understanding economic cycles and asset performance

Key indicators

- Real GDP growth
- Inflation

Scenario

- Falling Growth - Rising Inflation
- Falling Growth - Falling inflation

Internal Analysis to test the hypothesis – *Different segments outperform at different cycles*

- Performance of various segments of debt & equity analyzed across each cycle
- Past 20 years (FY06-FYTD25) grouped to corresponding economic cycles

3. Falling Growth - Rising Inflation

Years: FY09,FY13, FY20, FY21

4. Falling Growth - Falling Inflation

Years: FY12, FY18, FY19, FYTD25*

Performance Inference – Long Equities exhibit very high volatility in this cycle

Equity segment – 1. Cash-futures 2. Large-cap 3. Small-cap 4. Mid-cap

Debt segment – 1. AAA rated short-term 2. G-Sec 3. High-yield

Performance Inference – Long Equities continue to be volatile in this cycle

Equity segment – 1. Cash-futures 2. Large-cap 3. Mid-cap 4. Small-cap

Debt segment – 1. AAA rated short-term 2. High-yield 3. G-Sec

Source: NSE, BSE, AMFI, CRISIL. Returns represent point to point for the period
Average return represents simple average. Standard deviation is computed based on yearly returns.
Min & Max return represent highest and lowest yearly returns

*FYTD25 represents returns from Apr'24 to Jan'25
Note: The analysis is internal and for generic purposes. It does not imply/guide the fund's performance. This is based on historic information and is not reflective of future performance

Unifi Dynamic Asset Allocation Fund – Debt investment approach

Risk – Low to High

Liquidity – High to Low

T-Bills & G-sec	PSU & PFI debt / CPs / CDs Corporate AAA & AA rated debt / CPs	AA-, A & BBB rated corporate debt / CPs
➢ Safest form of a debt instrument, backed by Central Government ➢ Highly liquid ➢ Tactical allocation to increase or decrease portfolio duration based on economic cycle	➢ Returns with good liquidity ➢ Tactical play on duration, basis economic cycle ➢ Diversified allocation across multiple sectors ➢ Bottom-up evaluation of each opportunity by in-house team without bias to rating	➢ Hold-to-maturity approach with an intent to benefit from higher yields ➢ Tactical allocation to take advantage of potential rating upgrades and company specific positive developments ➢ Each investment is made after detailed due diligence on business fundamentals and corporate governance ➢ Rigorous post-investment monitoring & covenants compliance

Disclaimer : The instruments mentioned above are only indicative. Investor may refer “Where the Fund will invest” and “Risk Factors” section of SID

Unifi Dynamic Asset Allocation Fund – Equity investment approach

Segment	Investment approach
Cash-futures arbitrage	➢ Uncorrelated to market cycles ➢ Minimizes return volatility and protects downside risk ➢ Enhances liquidity of the portfolio with capital preservation
Large & Mid-cap equity	➢ Opportunistic trade on a highly selective, leveraging our access to the in-depth research and equity strategies ➢ Take advantage of temporary severe market price volatility caused by regulatory actions, political changes, force majeure events (like COVID) which tend to invariably reverse to normalcy (mean-reversion)

Disclaimer : The instruments mentioned above are only indicative. Investor may refer “Where the Fund will invest” and “Risk Factor” section of SID

Cash-futures arbitrage - overview

What is cash-futures arbitrage?

1. Shares of a particular company are purchased in the cash market and sold in the futures market simultaneously to lock-in a risk-free profit
2. The futures price typically starts converging with the cash market and the locked-in spread is realized by the end of monthly contract expiry date
3. The spread represents the cost of carry, which in turn is influenced by the prevailing short-term interest rates. The existing market sentiment and stock-specific corporate actions (dividends, rights, mergers and spin-offs) also drive the movement of spreads from time to time

Illustration : Buy 500 shares of company A at Rs.100 and sell the near month futures of the same company at Rs.105

At the end of the month - Scenario 1	At the end of the month - Scenario 2	At the end of the month - Scenario 3
Stock price rises to Rs.110	**Stock price remains at Rs.100**	**Stock price falls to Rs.90**
Gain on cash position **(110-100) = Rs.10**	Gain on cash position **(100-100) = Rs.0**	Loss on cash position **(90-100) = (Rs.10)**
Loss on future position **(105-110) = (Rs.5)**	Profit on future position **(105-100) = Rs.5**	Profit on future position **(105-90) = Rs.15**
Net profit on the transaction **(10–5) = Rs.5**	Net profit on the transaction **(5–0) = Rs.5**	Net profit on the transaction **(15–10) = Rs.5**

The locked-in profits contracted during the initial trade remain the same irrespective of subsequent price movements. This is hence a low risk strategy across economic and market cycles

The illustration referred in the slide is only for generic purposes and may differ from actual strategy of the scheme. Refer SID & SAI of the scheme for detailed strategy and risk factors

Unifi Dynamic Asset Allocation Fund – Equity investment approach

Special situation – open offers / buy-backs / IPOs / delisting

- Participate in corporate events like buy-backs, delisting, open offers and IPO that inherently have low correlation to economic cycles and market volatility
- Evaluation criteria
  - ✓ Sufficient liquidity in the scrip
  - ✓ Promoter and Management assessment
  - ✓ Corporate Governance record
  - ✓ Proprietary model to estimate acceptance ratios
  - ✓ Sensitivity analysis

Particulars	FY14	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FYTD25*
Total number of opportunities	60	73	51	6	16	12	24	20	31	15	28
Average offer size (Rs.Cr)	287	161	186	494	1,687	1,155	2,005	2,323	1,428	842	675
Illustrative opportunities (FY16 to FYTD25*)	IPOs - Tata tech, Bajaj Housing, Waree Energies , Aadhar Housing, Premier Energies Open offers - India Cements, Unichem Laboratories, Suven Pharma, ACC & Ambuja, Butterfly, Escorts, JB Chemicals, Indostar Buybacks & Delisting - Hindustan Unilever, Just Dial, Clariant, Polaris, IDFC, Majesco										

*FYTD25 represents data till Jan,2025
Source: SEBI, NSE, BSE

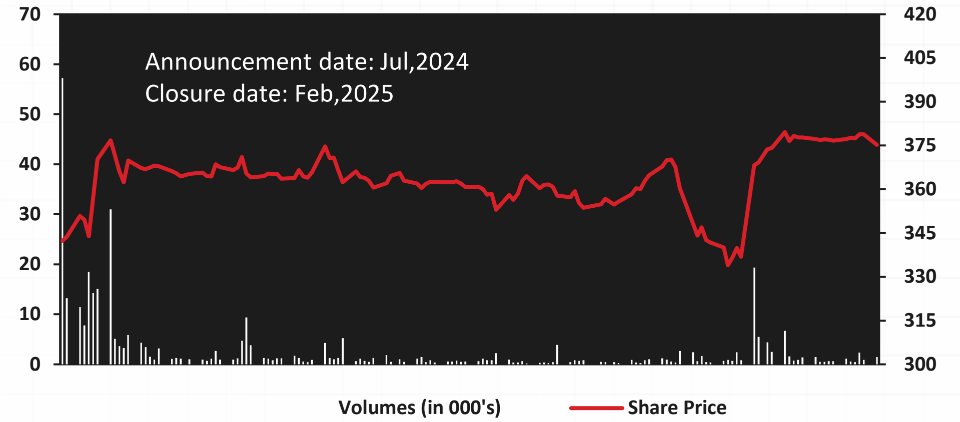
Disclaimer: The illustrations given above are the special situations under multiple macro-economic/global scenarios, industry/company specific developments etc. This list is illustrative and not exhaustive, there are several other opportunities that may give rise to special situations. The stocks/sectors/index mentioned, if any do not constitute any kind of recommendation and are for information purpose only.

Open offer snapshot

What is an open offer?

- Applicable when a company / legal entity acquires 25% or more shareholding in a target company
- Mandatory open offer needs to be made to the public shareholders to the quantum of at least 26% of the outstanding shares of the target company
- This is to protect minority shareholders whenever there is a control change in a listed company and provide them a fair option to exit along with the selling promoters / controlling shareholders

Illustration: India Cements open offer (FY25)



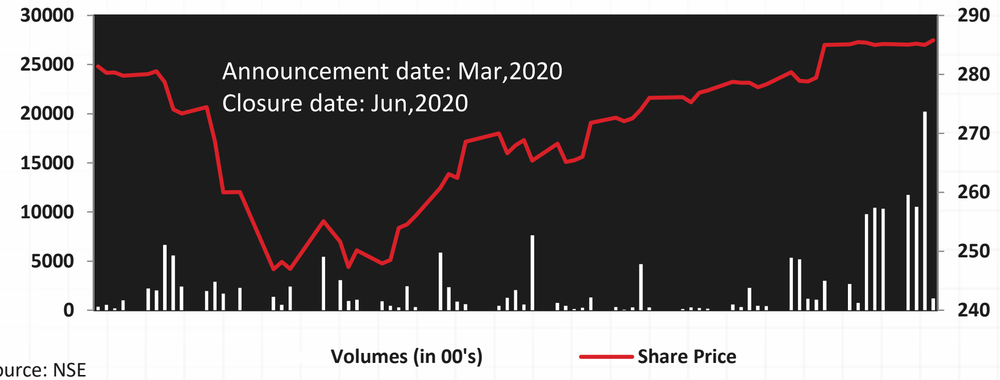
Source: NSE

How is an open offer executed?

- The acquiring company offers to purchase the shares at a pre-determined price (offer price) and the entire process is governed by an independent and licensed merchant banker
- Approvals are sought from CCI, SEBI and other regulatory institutions as applicable to that transaction
- If the tendering is high compared to offered shares, proportionate acceptance is made and excess shares returned to the holder

Illustration: Indostar open offer (during COVID)

Price movement during the open offer period is generally less volatile. It reverts closer to open offer price



Source: NSE

Disclaimer: Illustration referred in the slide is only for generic purposes and may differ from actual strategy of the scheme. Refer SID & SAI of the scheme for detailed strategy and risk factors

Buy-backs and Mergers

Buy-backs

- Companies often use buybacks to return capital to shareholders and improve earnings per share
- In a buyback, companies purchase the shares from shareholders at a pre-determined price
- Corporate buy-backs are a preferred way of rewarding shareholders
- Buy-backs are done through two routes
  - ✓ **Tender offer** – Shareholders are asked to submit the shares to be bought back at a specified price
  - ✓ **Open market buyback** – The company purchases the shares in the open market

Mergers

- The opportunity arises when one listed company is merged with another listed company
- A swap ratio is announced whereby shares of target company are exchanged for shares of resultant company
  - ✓ For example, if company A is merged with company B, company A's shares are exchanged for company B's shares.
  - ✓ The difference in prices, if any, between the two companies adjusted for merger ratio provides the arbitrage opportunity
  - ✓ Regulatory approval timelines need to be factored to assess the attractiveness of the merger arbitrage

Unifi Dynamic Asset Allocation Fund - Risk management framework

The scheme's risk management policies seek to limit downside across economic cycles and hence form a concurrent and intrinsic part of the investment process

Concentration risk

- Prudent regulatory limits on sector and single company exposure – prevents portfolio to be concentrated
- Internal limits additionally specified at various sub-segment levels to further control concentration risk
- No discretion to investment team in exceeding limits – configured in the front office system

Credit risk

- Detailed bottom-up due diligence prior to investment
- Due focus on the sector and company prospects and capabilities to assess the underlying business attractiveness
- Seek protective covenants in the debt structure and rigorous post-investment monitoring to identify early warning signals
- Build a short to medium tenor amortising portfolio and avoid long-tenor credit risk

Liquidity risk

- Allocation to TREPs / G-Sec / highly liquid debt instruments and cash-futures arbitrage segments enhance the liquidity profile
- Strict adherence to liquidity management policy with multi-level monitoring
- Periodical cashflows from debt repayments and interest payments provide liquidity buffer

Investment management risk

- Periodic portfolio stress testing covering various parameters enables early detection and realignment
- Independent monitoring by compliance team and risk team on adherence to investment policy and scheme limits

Unifi Dynamic Asset Allocation Fund - Salient features

Plans Offered

- Direct
- Regular
- Option – Only Growth

Fund Managers & Partners

- Managers – V N Saravanan, Aejas Lakhani, Karthik Srinivas
- Scheme Auditor – S.R.Batliboi (E&Y)
- Custody & Fund Accountant – HDFC Bank Ltd.
- Registrar & Transfer Agent – CAMS Ltd.

Existing Taxation based on scheme positioning**

- <2 years holding*: Slab rate
- >2 years holding*: 12.5% LTCG

Minimum Investment

- NFO – Rs.5,000
- Lumpsum fresh – Rs.5,000
- Additional – Rs.1,000
- Monthly SIP – Rs.500

Exit Load

- >12 months holding* – NIL
- <12 months holding* – Upto 20% of units – NIL
- >20% of units – 1.5% of NAV

Tier 1 Benchmark

CRISIL Hybrid 50 + 50 moderate index

** From the date of initial investment, for equity taxation, 12.5% LTCG if holding period is >12 months*

***For taxation scenarios, refer SID. Tax laws are subject to change and the current position may not continue indefinitely. Please consult your tax advisor to ascertain your specific tax liability*

Note: For detailed features, refer SID

Unifi Dynamic Asset Allocation Fund - The team

V N Saravanan

CIO & Fund Manager

A Chartered Accountant with 20+ years of experience in fund management, capital market research, banking and audit

Saravanan has been associated with Unifi group since 2006. He was the Fund Manager for an open-ended CAT-III multi asset class AIF for 11 years between FY14 to FY24

Earlier in the equity research division, he was tracking Pharmaceuticals, Specialty Chemicals and Financial Services sector

Prior to Unifi, he worked in ICICI bank's treasury & corporate mid-office group and PwC's due diligence & assurance division

Aejas Lakhani

Fund Manager – Equity

12+ years of experience in fund management, equity research and governance advisory

He has done his MBA (Finance) from the Asian Institute of Management (Manila)

Over the last 4 years, Aejas has been managing the consumption themed equity fund at Unifi group

He was also tracking sectors such as Pharmaceuticals, Logistics, Retail and Capital Markets

Earlier he has worked as an Analyst in the Institutional Investor Advisory Services Firm and Edelweiss Asset Management Limited

Karthik Srinivas

Fund Manager - Debt

A Chartered Accountant with 10+ years of experience in across functions like fund management, research, risk management & audit

Over the last 4 years, Karthik has been co-managing debt strategies at Unifi group in its PMS division

He was responsible for identifying high-yield fixed income and hybrid opportunities, evaluation and monitoring

Earlier, he was part of The Sanmar Group, working in their Founders' Office and with Deloitte in their Risk Advisory practice

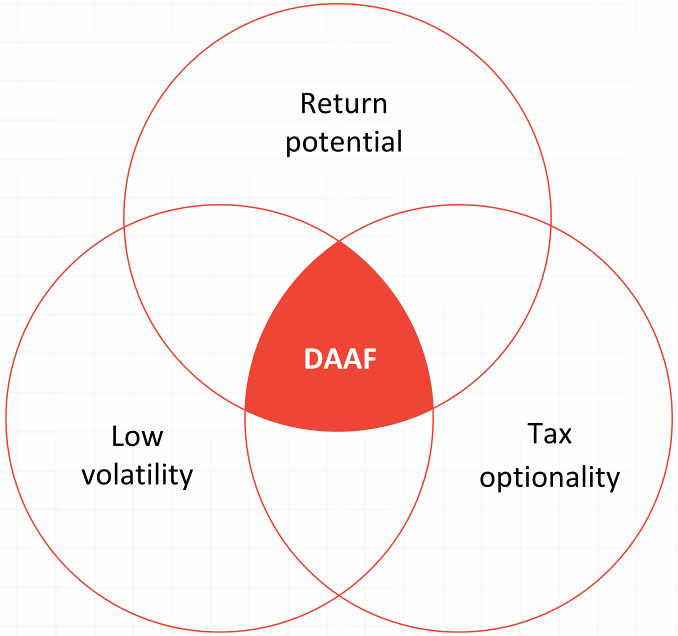
Summary proposition of Unifi Dynamic Asset Allocation fund

Return

Volatility

Tax

From having to invest in multiple funds to meet various objectives

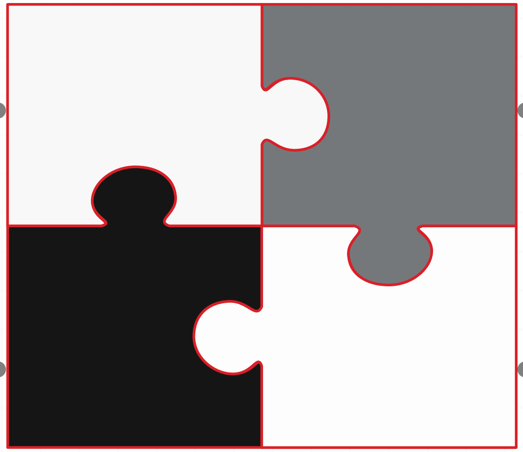


To a single fund that strives to address key requirements of an investor

Strives to fix your asset allocation gaps

An all-weather Fund for effective asset allocation across multiple economic cycles

Provides tax efficiency if investment period is long term**



No hassle of shifting asset classes to tackle economic cycle & maintaining low risk profile

Experienced team with a decade of expertise in managing similar strategies

***Tax laws are subject to change and the current position may not continue indefinitely. Please consult your tax advisor to ascertain your specific tax liability before investment.*

Disclaimer

The information contained in this (document) is extracted from different public sources internal research. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is for the information of the person to whom it is provided without any liability whatsoever on the part of Unifi Asset Management Co Ltd or any associated companies or any employee thereof. Investors should consult their financial advisors if in doubt about whether the product is suitable for them before investing.

The document includes statements/opinions which contain words or phrases such as "will", "believe", "expect" and similar expressions or variations of such expressions, that are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with the statements mentioned with respect to but not limited to exposure to market risks, general and exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on the services and/or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

Past performance may or may not be sustained in future. For detailed portfolio and related disclosures for the scheme(s) please refer our website https://www.unifimf.com. The portfolio and its composition is subject to change and the same position may or may not be sustained in future. The fund manager may make the changes, as per different market conditions and in the best interest of the investors. Investors may consult their financial expert before making any investment decision.

This is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of it, in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this material are required to inform themselves about, and to observe, any such restrictions. The sector(s)/ stock(s) referred, if any should not be construed as any kind of recommendation and are for information/used to explain the concept.

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

Thank you!

Scan to visit our website

Unifi Mutual Fund

Unifi Asset Management Private Limited

CIN Number: U66309TN2024PTC166661

Registered Office: 11, Kakani Towers, 25, Khader Nawaz Khan Road, Nungambakkam High Road, Chennai, Tamil Nadu – 600006

Visit us at www.unifimf.com | Email: services@unifimf.com | Toll Free Number: 1800 309 2833

Scan to download Application form