



**BUY RIGHT  
SIT TIGHT**

# Motilal Oswal Dynamic Fund

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The power of Rule Based Rebalancing

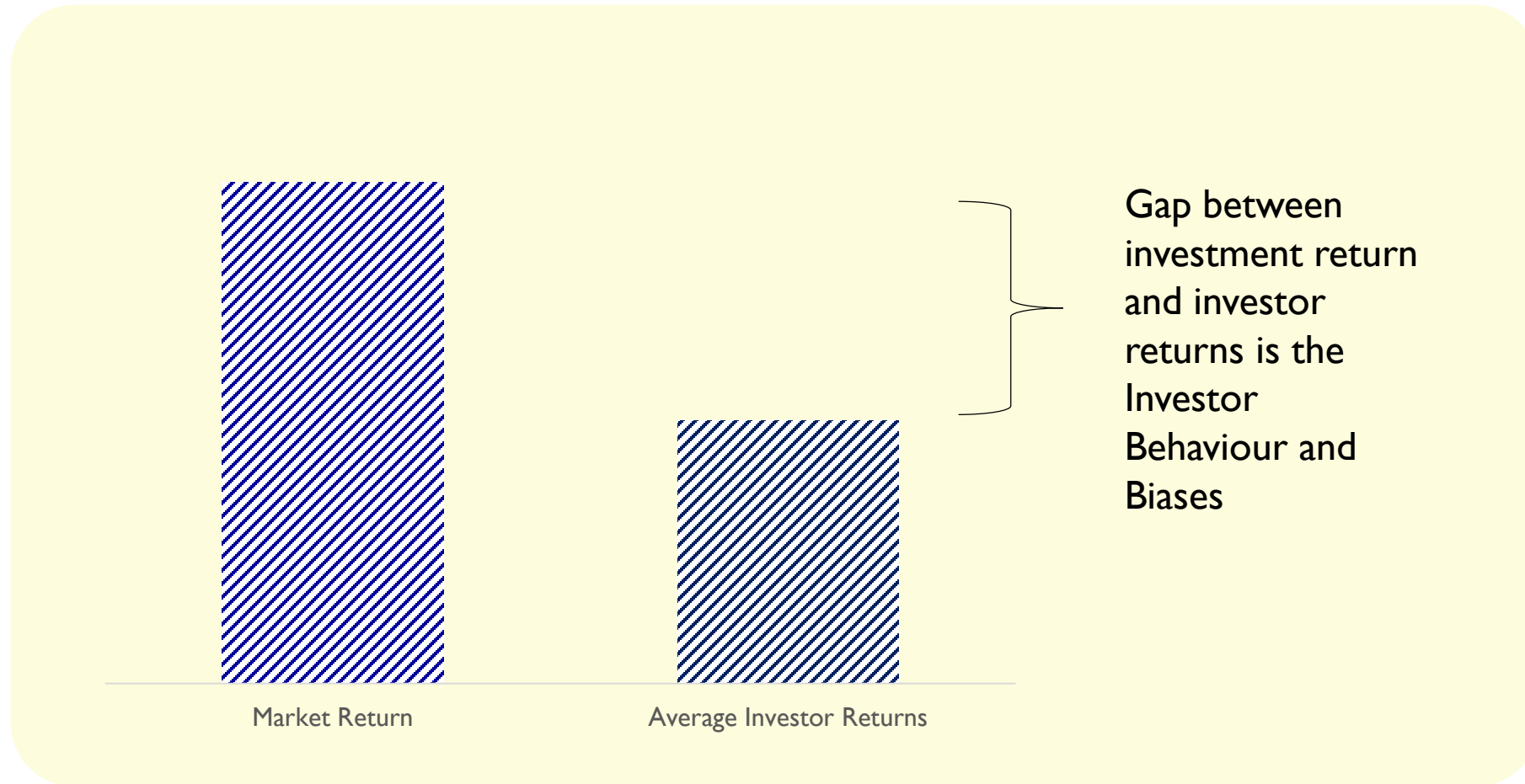
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July 2021

# **What drives investment decision making?**

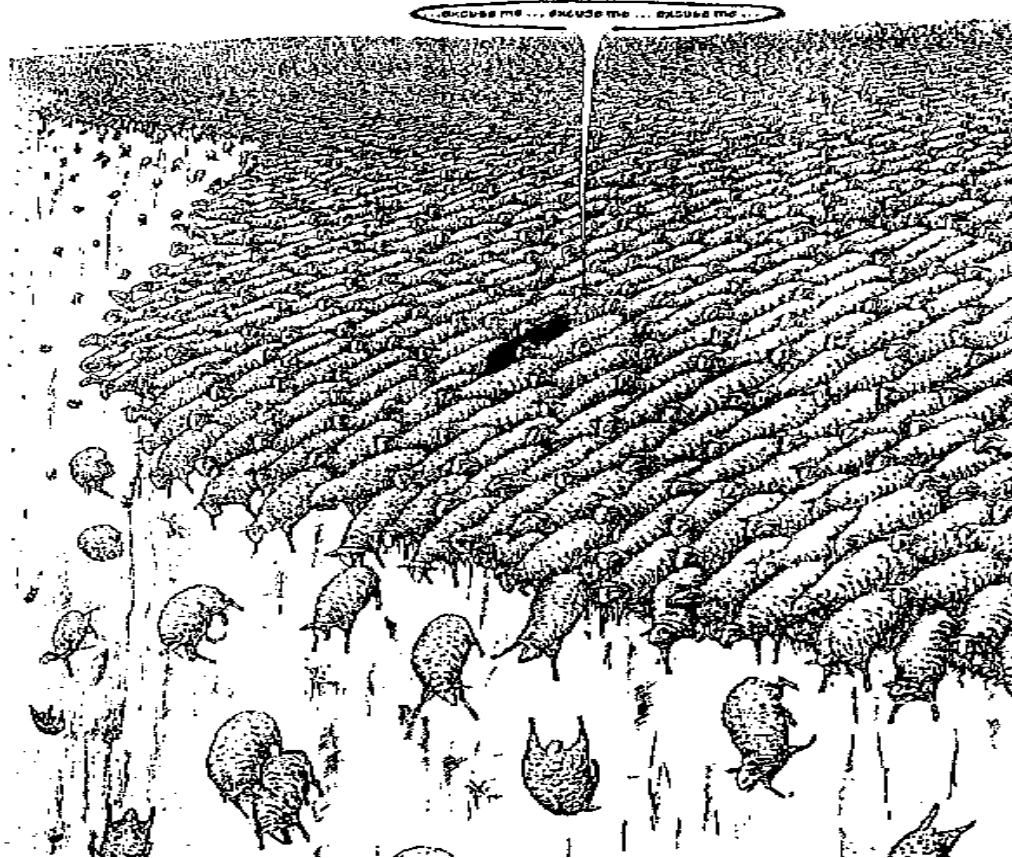
**- Rule based rationale or Biases?**

# Why is there a gap between market returns and investor returns?



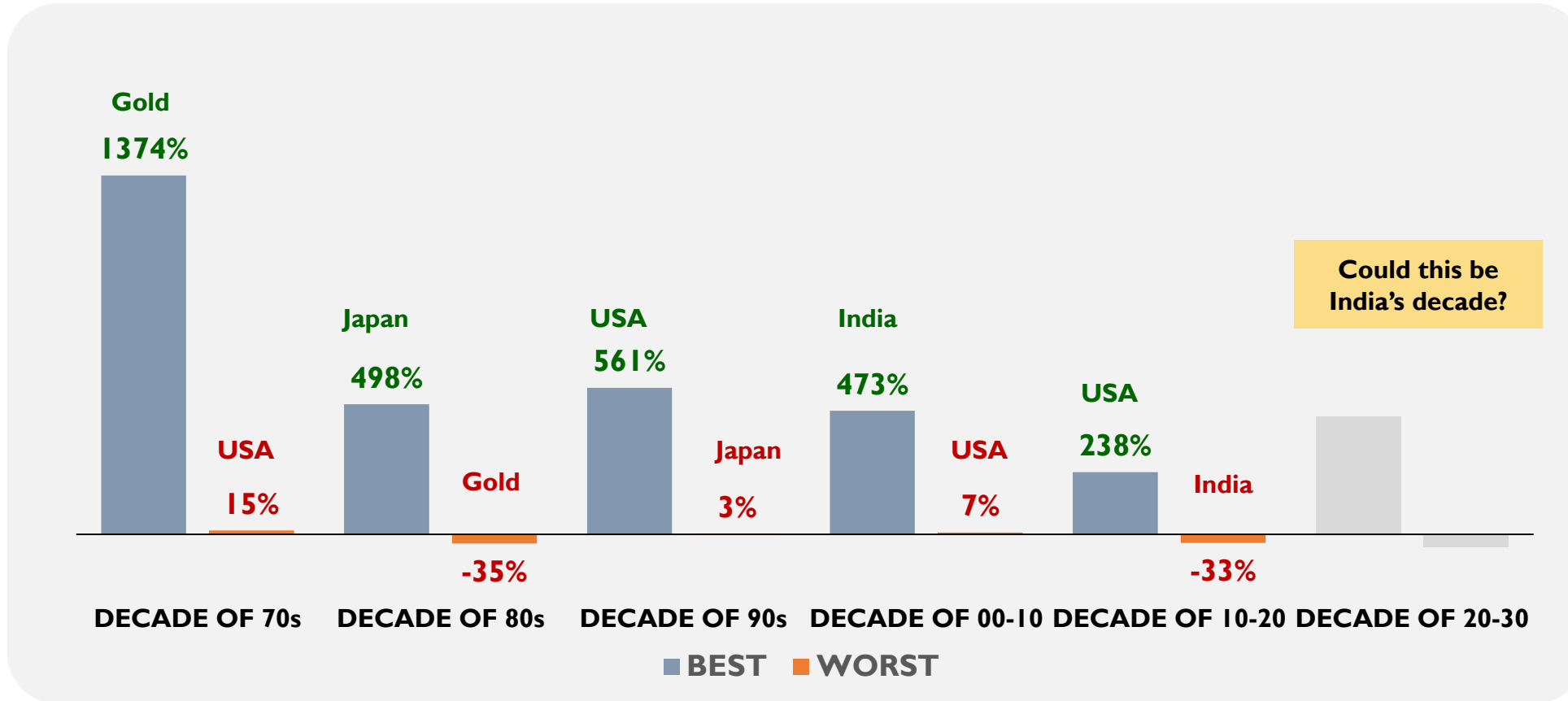
Source: Image for illustration purpose only

## #Bias I-Herding: Excuse me Excuse me – Please include me!



- Herding : it is more common than you think.
- You are included, rather unknowingly

## #Bias 2 Recency Bias : The best get heavy with expectations

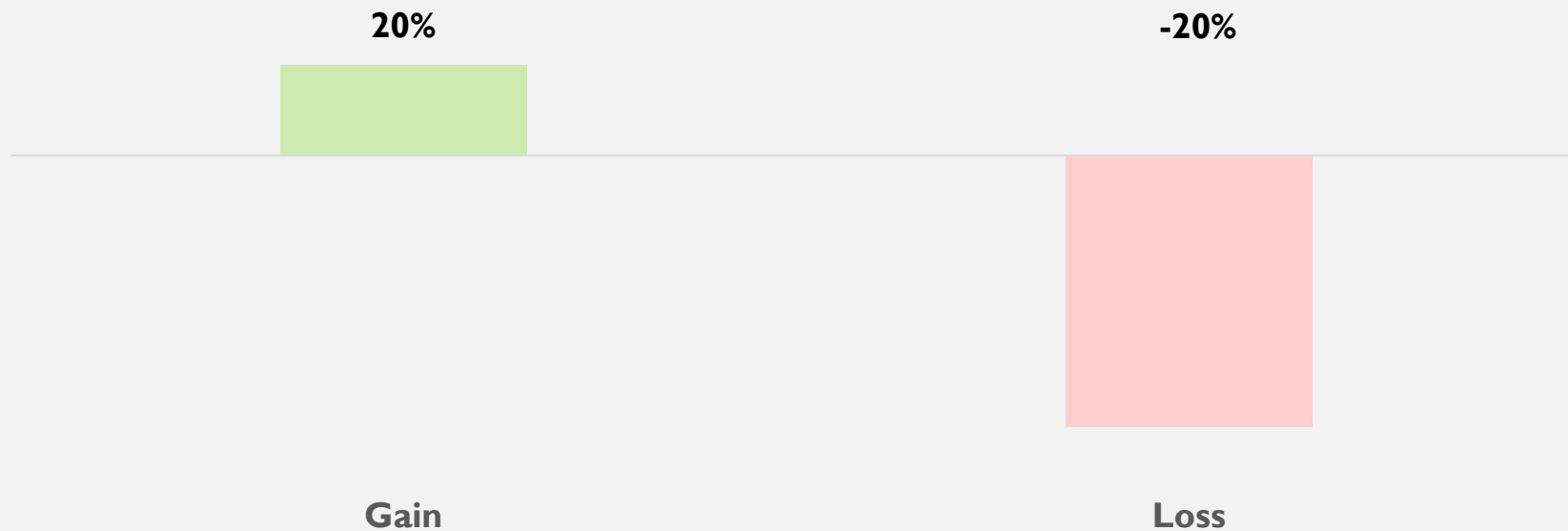


- “Be fearful when others are greedy and be greedy when others are fearful”  
- Warren Buffet
- We chase the best performer because other’s are doing it
- Best performer changes

Source: Bloomberg & MOAMC Internal Research

## #Bias 3 Loss Aversion: Loss of the same magnitude hurts 3x times more

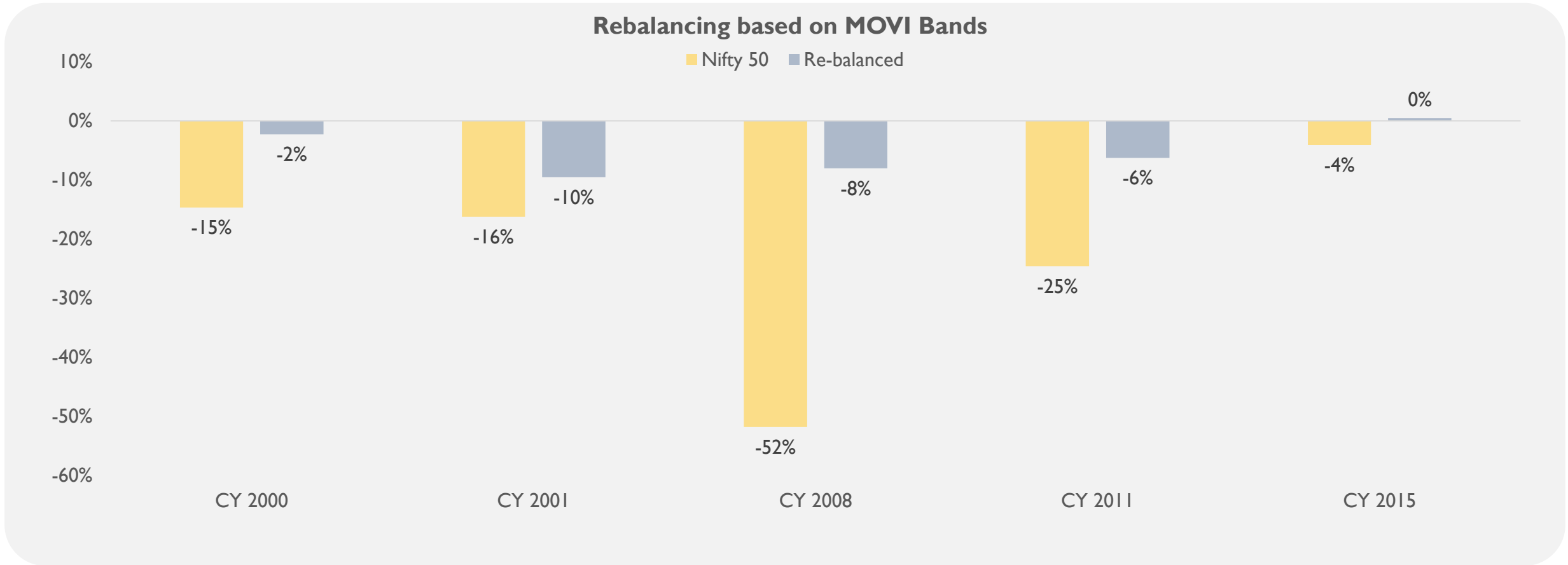
How a 20% Gain and 20% Loss Feels like



- **Loss hurts more than gains give happiness**
- **Investors fear drawdowns and not volatility**
- **However drawdowns can be managed**

Source: Bloomberg & MOAMC Internal Research

# Losses / drawdowns balances can be managed – *Power of Re-balancing*



- Rebalancing protects downside and shields investors from sharp drawdowns

Source: Internal MOAMC Research. Debt returns assumed at 6%

Disclaimer: The above graph is an actual performance of Nifty 50 Index. The above is for representation purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Introducing Motilal Oswal Dynamic Fund

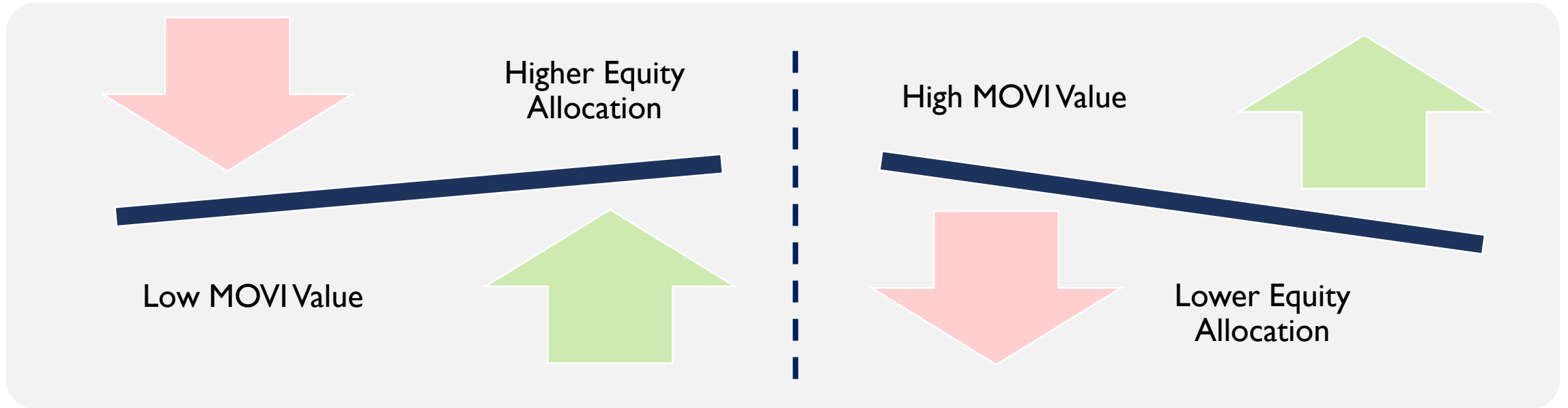
Rebalancing without biases



# Why Motilal Oswal Dynamic Fund?

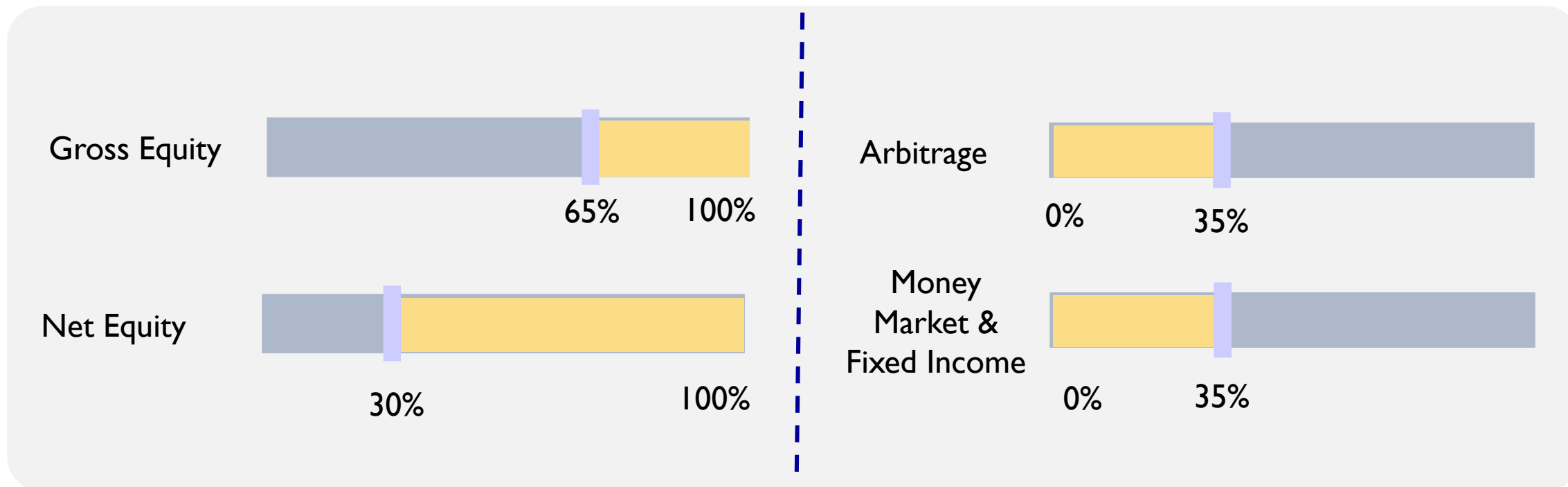
<b>M</b>	Much Lower Volatility: Better risk-adjusted returns achieved through lower standard deviation (12.4%)
<b>A</b>	Agile: A truly dynamic fund which is agile and aims to benefit from volatility
<b>G</b>	Ground Rules: The fund is operated on a Rules-based rebalancing strategy; it is calculated based on a 30-day moving average involving three parameters: PE, PB, and Dividend Yield
<b>I</b>	Ingredients: Equity Portion – Seeking opportunities across all market caps. Debt Portion – No credit risk or high risk duration calls. Debt allocation predominantly in Treasury bills and AAA-rated bonds
<b>C</b>	Consistent Performer – All the above parameters come together to give a consistent performance

# How to re-balance effectively ?



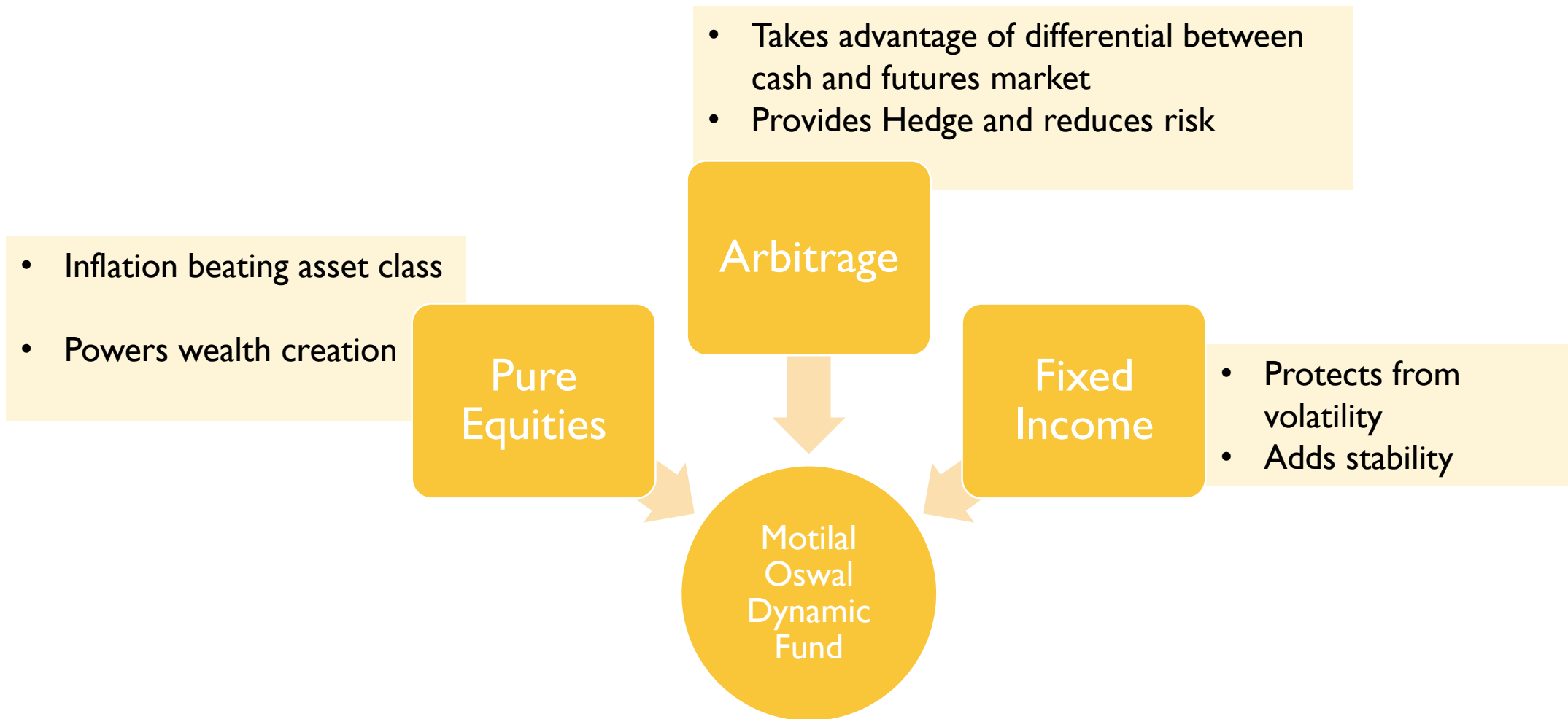
- MOVI, which stands for Motilal Oswal Value Index, is a proprietary index of Motilal Oswal Asset Management Company Limited (MOAMC)
- How is MOVI calculated?
  - Based on P/E, P/B and D/Y of Nifty 50 Index
  - All three parameters carry equal weights
  - 30 DMA of spot MOVI is used to decide allocations and rebalancing

# Where does Motilal Oswal Dynamic Fund invest?

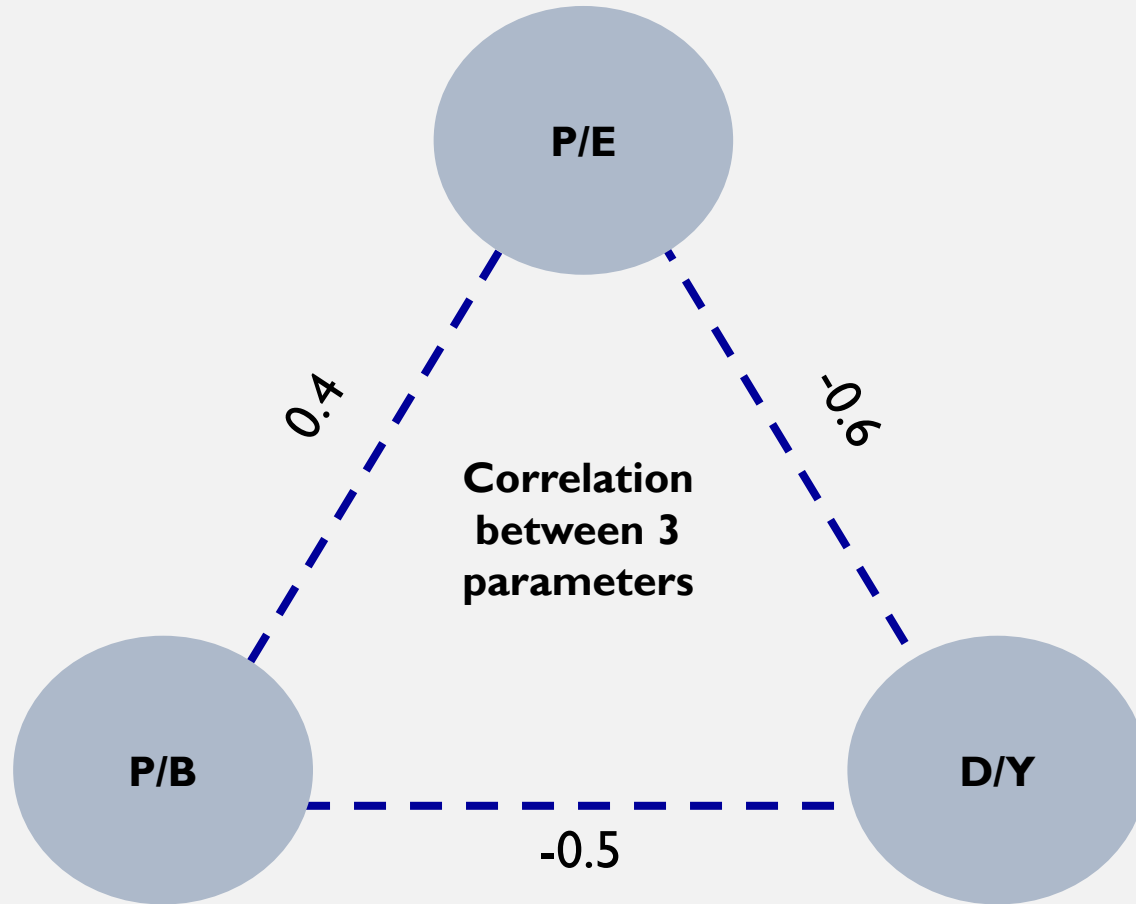


Fund invests in 4 asset classes – Equity, Derivatives, Arbitrage and Fixed Income

# Where does Motilal Oswal Dynamic Fund invest?



# Low Correlation between factors to produce best results



- **Low correlation between individual parameters**
- **When used in conjunction, these parameters produce better asset allocation**

# MOVI Levels – Gauges the attractiveness of markets

Rule based, formula based Rebalancing. No fund manager discretion.

MOVI Levels		Net Equity (%)	Equity Arbitrage (%)	Debt Instruments (%)
Less than 70		100	0	0
70	<80	85 – 95	0	Upto 5
80	<90	75 – 85	0	Upto 15
90	<100	60 – 75	0	Upto 25
100	<110	50 – 60	5-15	Upto 35
110	<120	40 – 50	15-20	Upto 35
120	<130	30 – 40	25-35	Upto 35
130 or above		30 – 40	25-35	Upto 35

Low MOVI = Cheap valuations  
Higher equity allocation when valuations are low

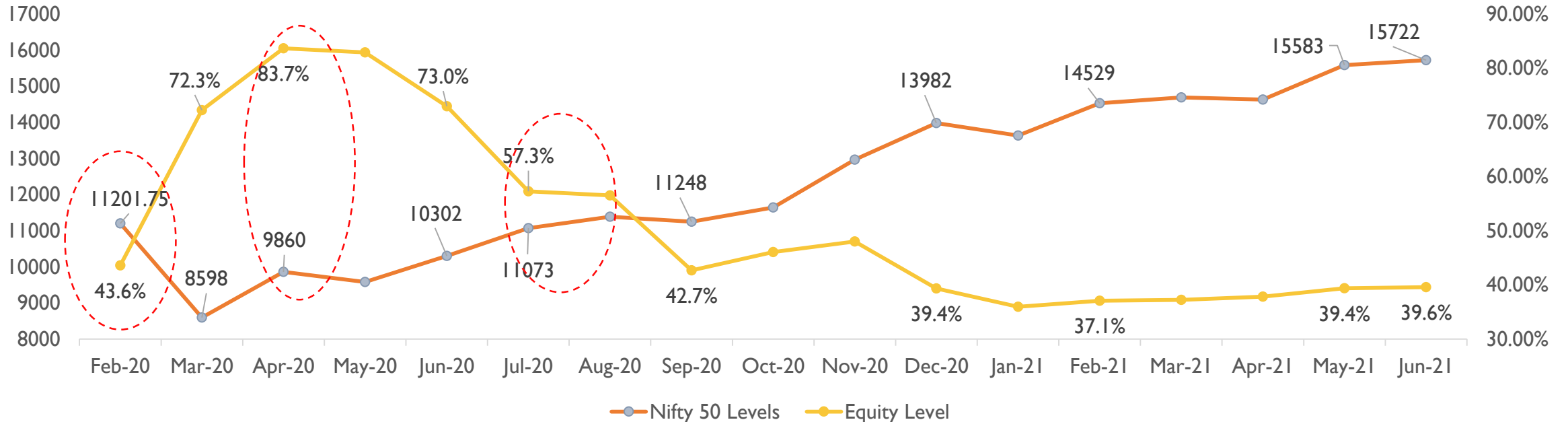
High MOVI = Expensive valuations  
Lower equity allocation when valuations are high

Data points shown here are to explain and illustrate working of the MOVI model. Numbers presented here do not amount to investment advice. Consult your financial advisor before investing.

# MOVI Magic At Work

## Net Equity Levels V/S Nifty 50

*Would you have increased equity allocation by 30% in March'20?* *Would you have booked profits upto 30% in June & July' 20?*



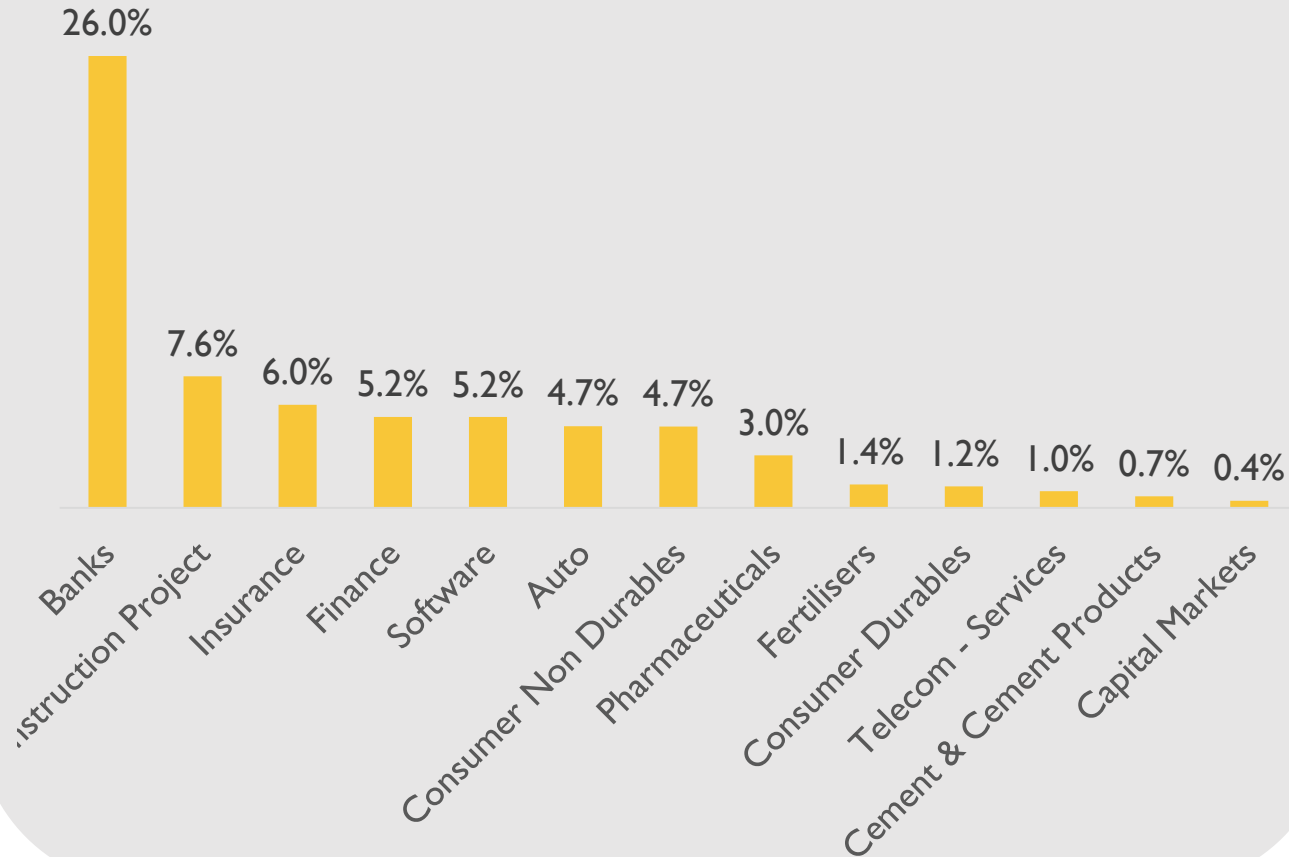
- **44%** : Net Equity level pre Covid
- **84%** : As on April'20 – Increased allocation to equity during market correction
- **57%** : As on July'20 – Profit booking along with recovery in markets
- **40%** : 30DMA MOVI at 120 – 130 band as on 30<sup>th</sup> June'21

Source: Internal MOAMC Research Data from January 30, 2020 till June 30, 2021

Disclaimer: The above graph is for representation purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# What are the fund holdings?

## Industry Allocation



## Asset Allocation

Instruments	Weightage (%)
Equity & Equity Related	67.1%
Net Equity	39.6%
Bonds & NCDs	14.9%
Derivatives	-27.6%
Money Market Instrument (CD,CBLO & Treasury Bill)	8.2%
Cash & Cash Equivalents	37.4%
Total	100.0%

Data as on June 30, 2021

The Stocks/Sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future



# What are the fund holdings?

## Top 10 Net Equity Holdings

Script	Weightage (%)
HDFC Bank Limited	3.0%
AU Small Finance Bank Limited	2.9%
HDFC Life Insurance Company Limited	2.4%
Gland Pharma Limited	2.2%
Infosys Limited	2.1%
Tata Consultancy Services Limited	2.0%
Housing Development Finance Corporation Limited	2.0%
Maruti Suzuki India Limited	1.9%
Max Financial Services Limited	1.9%
ICICI Bank Limited	1.7%
<b>Total</b>	<b>22.1%</b>

## Portfolio Ratios

Beta	1.1
Portfolio Turnover Ratio	4.1
Standard Deviation	12.4
Sharpe Ratio#*	0.3

## Debt Quantitative Indicators

Average Maturity	0.39 yrs
YTM	3.86 %
Macaulay Duration	0.37 Yrs
Modified Duration	0.36 Yrs

Data as on June 30, 2021

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# How has the fund performed?

Point to Point Returns (%)	1 Year		3 years		Since Inception	
	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000
Motilal Oswal Dynamic Fund (DEF)	17.7	11,773	7.5	12,437	8.8	14,952
CRISIL Hybrid 50+50 Moderate Index TRI (Benchmark)	29.6	12,960	13.5	14,625	11.8	17,026
Nifty 50 TRI (Additional Index)	54.6	15,458	15.0	15,220	14.6	19,150

SIP Performance (%)	1 Year			3 years			Since Inception		
	DEF	Benchmark	Additional Benchmark	DEF	Benchmark	Additional Benchmark	DEF	Benchmark	Additional Benchmark
Investment Amount	120,000			360,000			570,000		
Market Value	128,690	136,071	147,862	421,788	464,795	500,193	703,359	792,608	861,659
Returns (CAGR)%	13.8	25.9	46.0	10.6	17.4	22.6	8.8	13.9	17.5

Data as on June 30, 2021

Date of inception: 27-Sep-2016. In case, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns. The NAV per unit shown in the table is as on the start date of the said period. Past performance may or may not be sustained in the future.

Mr. Akash Singhania has been appointed as the Fund Manager for equity component with effect from 17-May-2019. Mr. Abhiroop Mukherjee is the Fund Manager for debt component since inception.

Kindly refer to the factsheet for performance of other schemes managed by the fund managers: <https://www.motilalosalwalmf.com/downloads/mutual-fund/Factsheet>

# Why Systematic Withdrawal Plan (SWP)?

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- SWP enables investor to withdraw a regular sum from his investments at fixed percentage of the original investments at a predefined frequency
- This is irrespective of the movement in market value of the investments and that would be subject to the availability of account balance of the investor
- Motilal Oswal – Cashflow Plan (MO – CP) presently offers following opinions:
  - MO – CP @ 7.5% p.a. of original cost of investment
  - MO – CP @ 10% p.a. of original cost of investment
  - MO – CP @ 12% p.a. of original cost of investment
  - MO – CP is offered at a predefined frequency i.e. monthly, quarterly and annually
- In case of ambiguity MO-CP will be processed as per the following default : Default withdrawal upon 7.5% p.a. of original cost of investment Default frequency Monthly Default date 7th of the month

What are the benefits of SWP?

Regular cash flow

Withdraw money as and when you need

Regular withdrawals average out return value

# Fund Managers

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## For Equity Component: Mr. Siddharth Bothra

- **Rich Experience:** Mr Siddharth Bothra has an experience of more than 13 years in the field of research and investments
- **Experience across sectors:** Prior to joining Motilal Oswal AMC he had an extensive stint with Motilal Oswal Securities Ltd. as a senior analyst in the institutional equities division covering various sectors
- **Awards won:** During his stint with Motilal Oswal Securities Ltd. Mr. Bothra won various recognitions such as the ZEE Business TV - India's Best Analyst Awards 2009 Infrastructure, ET Reuters Starmine Awards No.1 Earnings Estimator 2009 Real Estate & No. 2 Stock Picker 2010 Real Estate
- **Excellent academic background:** Honors degree of MBA (Post Graduate Program) from ISB (Indian School of Business, Hyderabad), MBA International Student Exchange NYU Stern School of Business (New York) and B.Com (Honors)
- **Funds managed:** Motilal Oswal Focused 25 Fund, Motilal Oswal Equity Hybrid Fund, Motilal Oswal Multi Asset Fund, Motilal Oswal Flexi Cap Fund and Motilal Oswal Dynamic Fund

# Fund Managers

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## For Debt Component: Mr. Abhiroop Mukherjee

- **Rich Experience:** Over 11 years of experience in the Debt and Money Market Instruments Securities trading and fund management
- **Prestigious past experience:** His past experience includes stint at PNG Gilts as AVP-WDM dealer
- **Excellent academic background:** B.Com (Honours) and PGDM (Finance)
- **Funds managed:**
  - Fund Manager - Motilal Oswal Ultra Short Term Fund and Motilal Oswal Liquid Fund
  - Fund Manager for Debt Component Motilal Oswal Focused 25 Fund, Motilal Oswal Midcap 30 Fund, Motilal Oswal Multicap 35 Fund, Motilal Oswal Long Term Equity Fund, Motilal Oswal Dynamic Fund, Motilal Oswal Nasdaq Fund of Fund, Motilal Oswal S&P 500 Fund, Motilal Oswal Large and Midcap Fund, Motilal Oswal Multi Asset Fund, Motilal Oswal Equity Hybrid Fund, Motilal Oswal 5 Year G-sec Fund, Motilal Oswal Asset Allocation Passive Fund of Fund – Conservative and Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive

# Fund Facts

Type of the Scheme	An open-ended dynamic asset allocation fund			
Category of the Scheme	Dynamic Asset Allocation			
Investment Objective	The investment objective is to generate long term capital appreciation by investing in equity and equity related instruments including equity derivatives, debt, money market instruments and units issued by REITs and InvITs.			
Benchmark	CRISIL Hybrid 50+50 – Moderate Index TRI			
Entry / Exit Load	Entry : Nil Exit Load: 1% - If redeemed on or before 1 year from the date of allotment. Nil - If redeemed after 1 year from the date of allotment. There would be no exit load for redemption of units on or before completion of 1 year from the date of allotment upto 12% of units allotted. Redemption of units would be done on First in First out Basis. A switch-out or a withdrawal shall also be subjected to the Exit Load like any Redemption. No Exit Load applies for switch between MOF25, MOF30, MOF35, MOFEH, MOFLM & MOFDYNAMIC. No Load for switch between Options within the Scheme. Further, it is clarified that there will be no exit load charged on a switch-out from Regular to Direct plan within the same scheme			
Asset Allocation	Instrument	Indicative Asset Allocation (% of Total Assets)		Risk Profile
		Minimum	Maximum	High/ Medium/ Low
	Equity and equity related instruments	65	100	High
	Equity Derivatives	0	35	Low to Medium
	Debt Instruments, Money Market Instruments, G-Sec, Cash and Cash at Call, etc.	0	35	Low to Medium
Units issued by REITs and InvITs	0	10	Medium to High	

## Fund Facts

MOVI	<p>Motilal Oswal Value Index (MOVI) is a proprietary index of Motilal Oswal Asset Management Company Limited (MOAMC). It is calculated taking into account Price to Earnings (P/E), Price to Book (P/B) and Dividend Yield of the Nifty 50 Index. The MOVI is calculated on 30 Daily Moving Average of the above parameters. A low MOVI level indicates that the market valuation appears to be cheap and one may allocate a higher percentage of their investments to Equity as an asset class. A high MOVI level indicates that the market valuation appears to be expensive and that one may reduce their equity allocation. NSE Indices Ltd. (NSE) is the calculating agent of NIFTY MOVI. NSE shall calculate, compile, maintain and provide NIFTY MOVI values to Motilal Oswal Asset Management Company Ltd. NIFTY MOVI values will be published on the MOAMC website on a daily basis.</p>	
Plans	Regular Plan and Direct Plan	
Options (Under each plan):	Dividend (Payout and Reinvestment) and Growth	
Minimum Application Amount:	Rs. 500/- and in multiples of Re. 1/- thereafter	
Additional Application Amount:	Rs. 500/- and in multiples of Re. 1/- thereafter	
Systematic Investment Plan (SIP)	Weekly SIP	Rs. 500 and in multiples of Re. 1/- thereafter (Minimum installment – 12)
	Fortnightly SIP	
	Monthly SIP	
	Quarterly SIP	Rs. 1,500 and in multiples of Re. 1/- thereafter (Minimum Installment – 4)
	Annual SIP	Rs. 6,000 and in multiples of Re. 1/- thereaer (Minimum Installment – 1)
	The Dates of Auto Debit Facility shall be on the 1st , 7 th , 14 th , 21st or 28 th of every month.	
Minimum Redemption Amount	Rs. 500/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower	

# Disclaimer

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Statutory Details: Constitution: Motilal Oswal Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. Trustee: Motilal Oswal Trustee Company Limited. Investment Manager: Motilal Oswal Asset Management Company Ltd. (CIN: U67120MH2008PLC188186) Sponsor: Motilal Oswal Financial Services Ltd

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

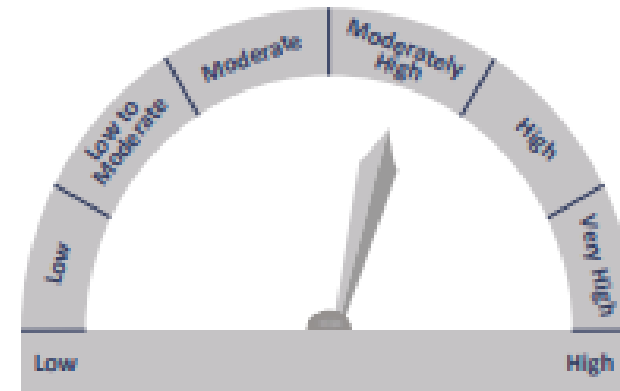
**For any Mutual Fund queries, please call us on +91 81086 22222 /+91 22 40548002 (Press 1) or write to [mfservice@molalosal.com](mailto:mfservice@molalosal.com)**



# Product Labelling

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

- Long-term capital appreciation
- Investment in equity, derivatives and debt instruments



**Thank You!**

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**THINK MOTILAL OSWAL**

**MOTILAL OSWAL**  
**ASSET MANAGEMENT**

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