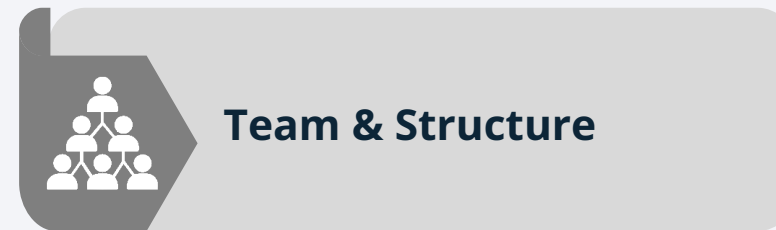
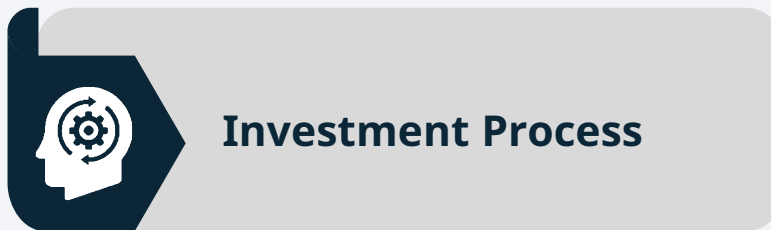
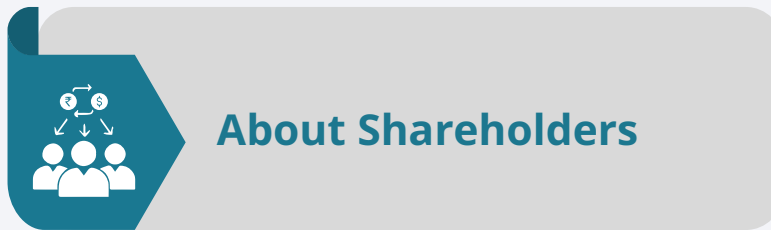


FIXED INCOME INVESTMENT PROCESS

March 2024



CONTENTS



About Shareholders

Union Bank of India:

Public Sector Bank, founded in 1919, in existence for over 100 years, headquartered in Mumbai

Gross Advances:
₹ 8,95,974 crore

Branches: 8,479
ATM: 9,889

Basel III Total CAR:
15.03%

Total deposits:
₹ 11,72,455 crore

Overseas branches in Hong Kong, Sydney, Dubai and Antwerp, in addition to representative offices in Abu Dhabi and one overseas subsidiary office

About Shareholders

Dai-ichi Life Holdings, Inc.

Founded in 1902, in existence for over 118 years, holding company headquartered in Tokyo. Two regional headquarters in United States of America and Singapore.

Total Assets:
¥ 65,782.6 Billion

Domestic Life
Insurance Business

Overseas Life Business

Asset Management
Business

Consolidated Solvency
Margin Ratio: 648.6%

Dai-ichi Frontier Life,
Dai-ichi Life & Neo First
Life

Protective Life, TAL &
Dai-ichi Life Vietnam

Asset Management
One

Overview of Asset Management Business of Dai-ichi Life Holdings, Inc.

Asset Management One

49% voting rights

30% economic interest

- Head Quartered in Tokyo
- Geography – Japan
- In October 2016, DIAM Co. Ltd. was integrated with Mizuho Asset Management Co. Ltd., Shinko Asset Management Co. Ltd. and the Asset Management Division of Mizuho Trust & Banking Co. Ltd. to establish Asset Management One Co. Ltd.
- AUM as on 31st December 2023 - ¥64 trillion*

Investment Philosophy

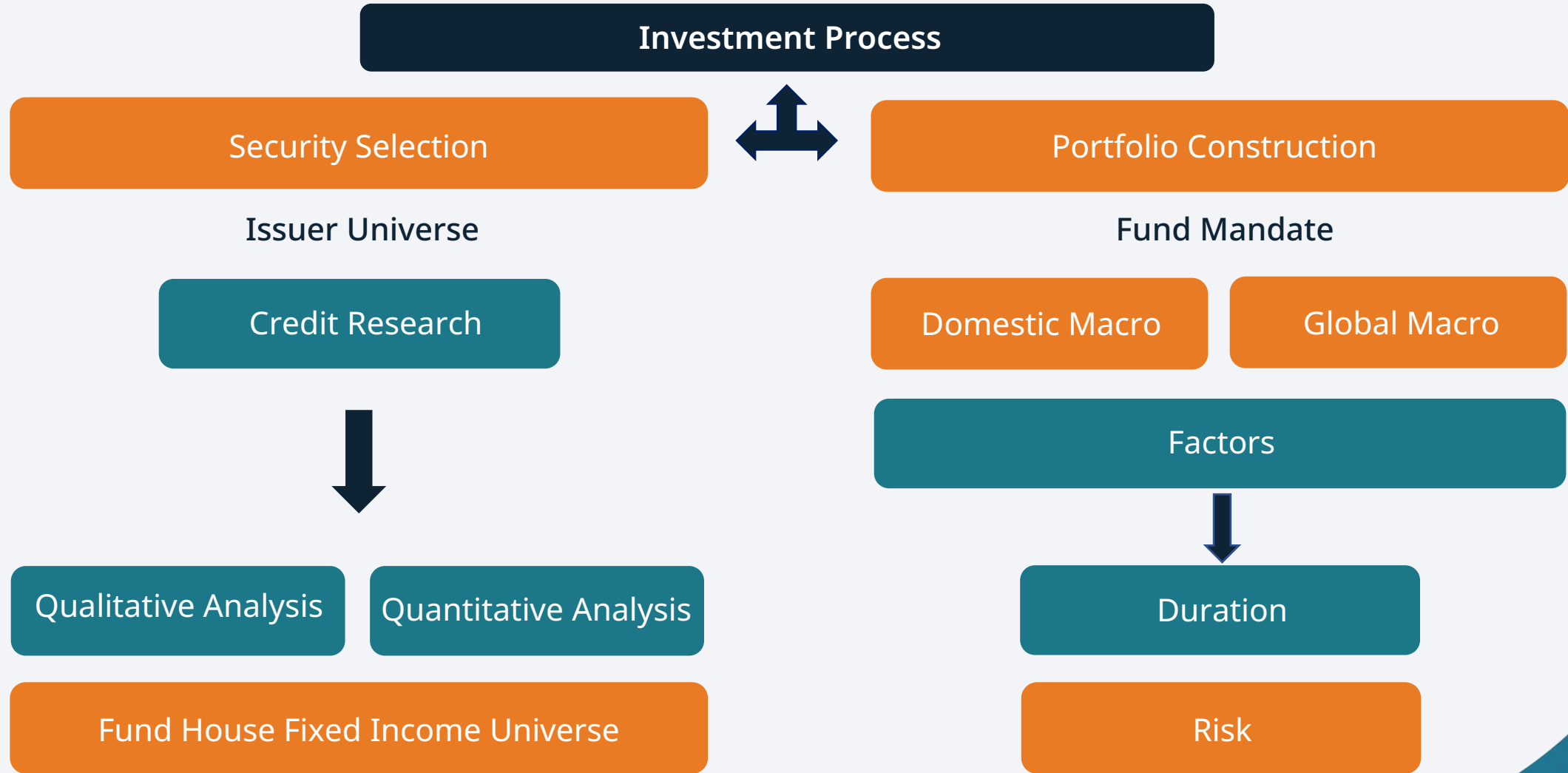


Emphasis on managing credit risk by careful selection of securities

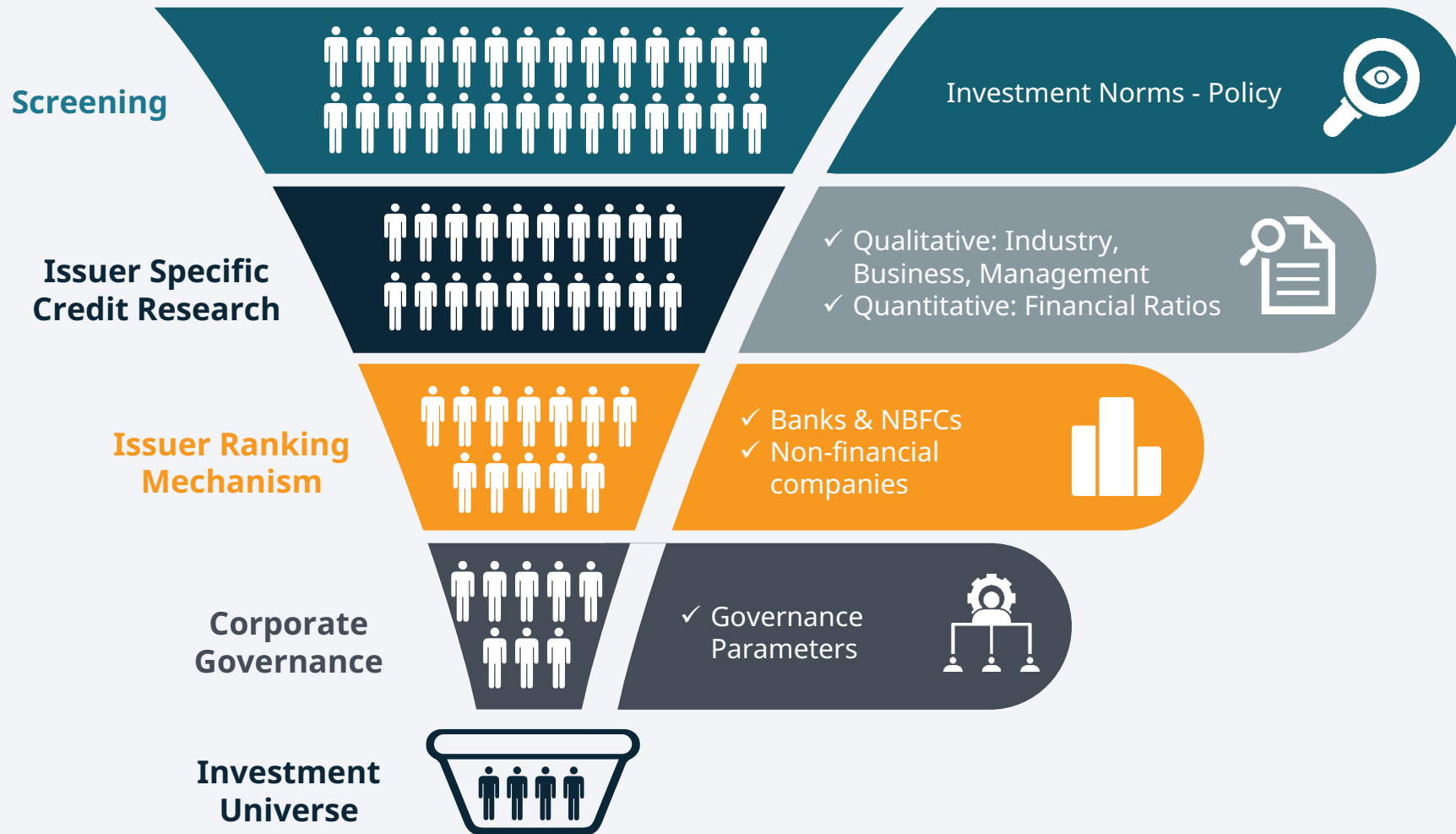


Creating portfolios which are true to mandate

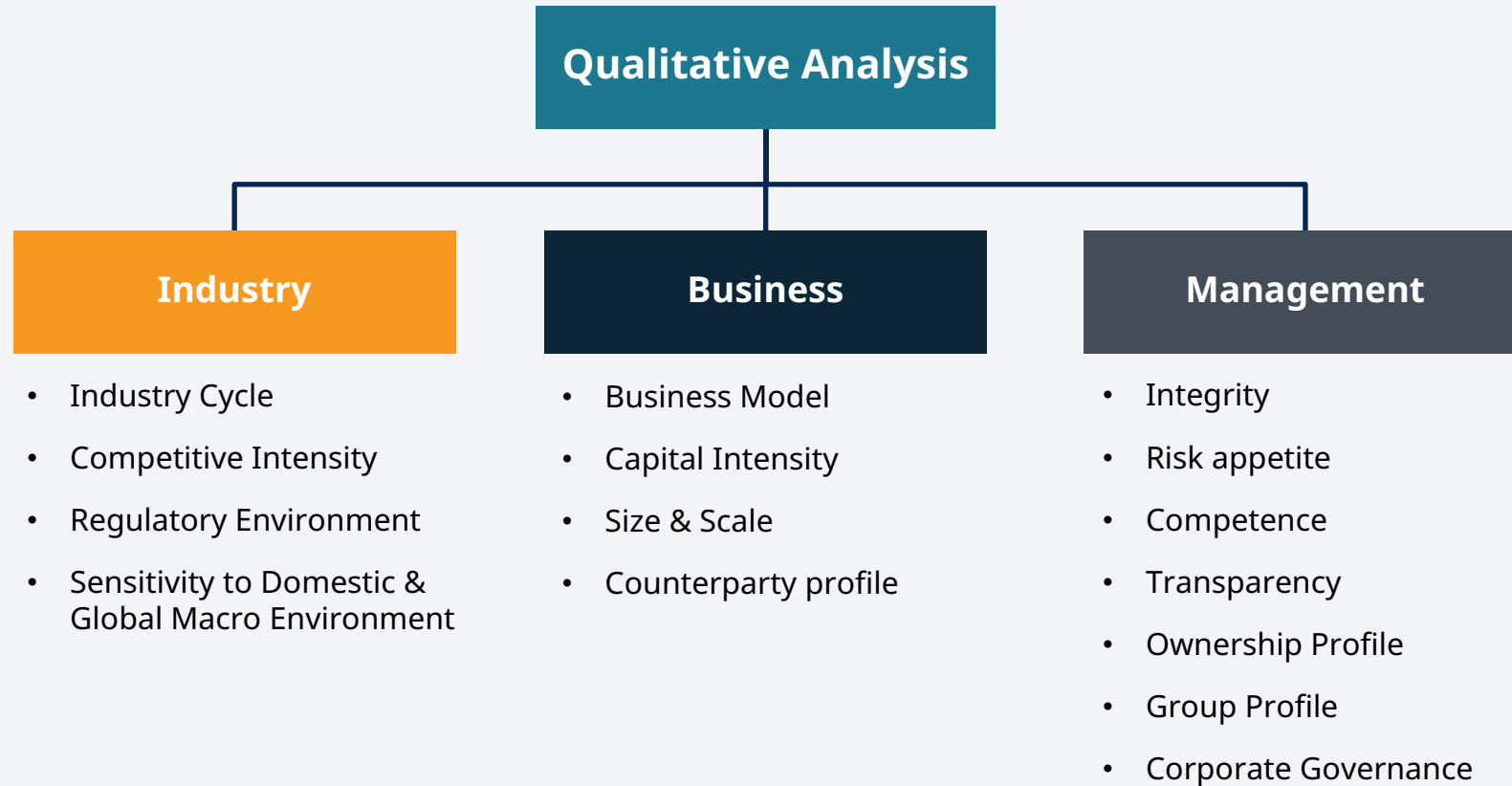
Fixed Income Process



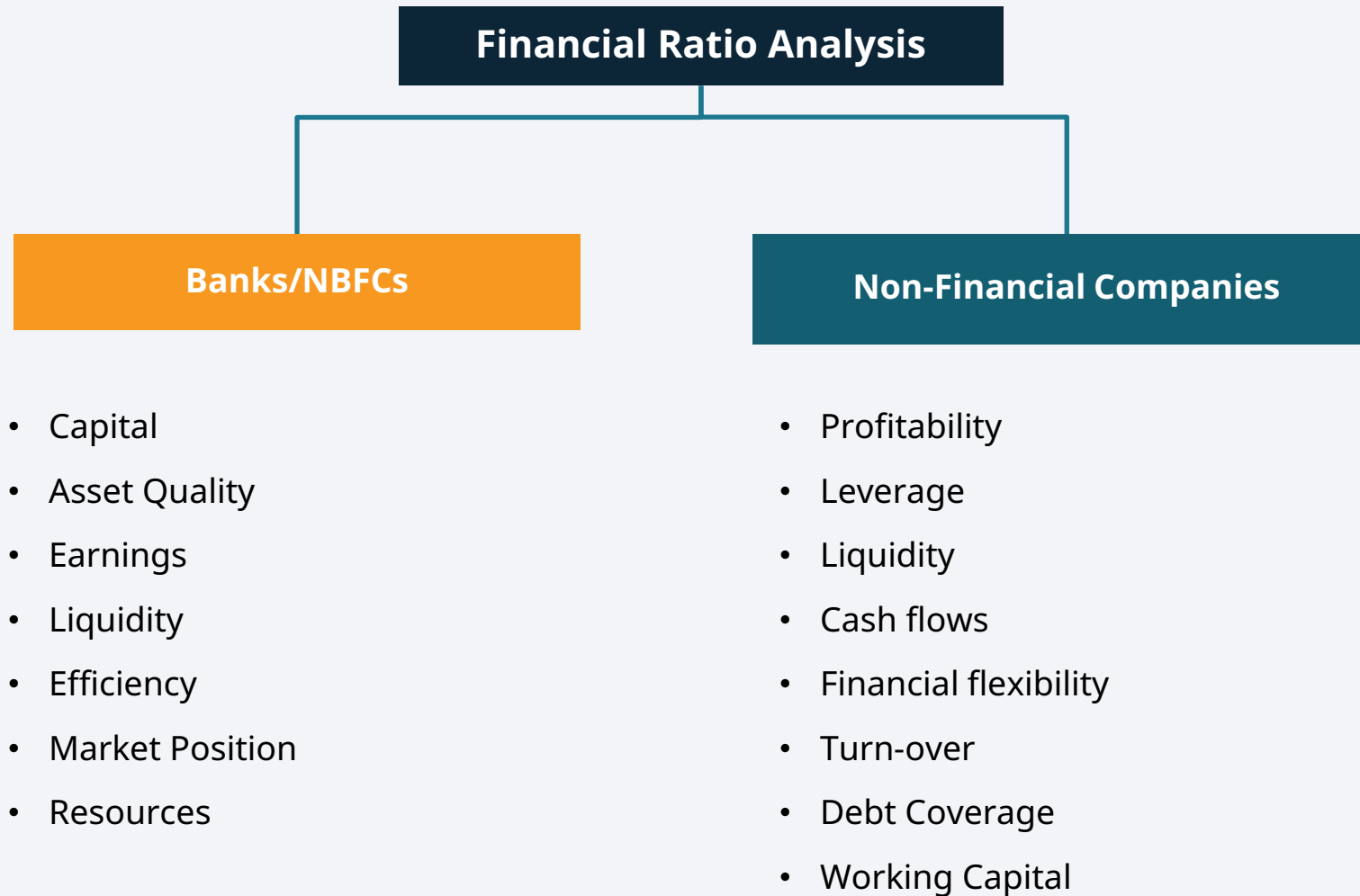
Credit Research Process



Credit Research : Qualitative



Credit Research : Quantitative



Corporate Governance



Corporate governance parameters



Auditor remarks



Disclosures



Regulatory filings



Frequency and depth of
information sharing with investors



External Service Provider's Environmental,
social and governance (ESG) model

Credit Monitoring



Early Warning Signals – Internal Research & External Tools



External Credit Rating movements



Yield spread movements



Systemic Liquidity



Issuer Liquidity



Market Intelligence

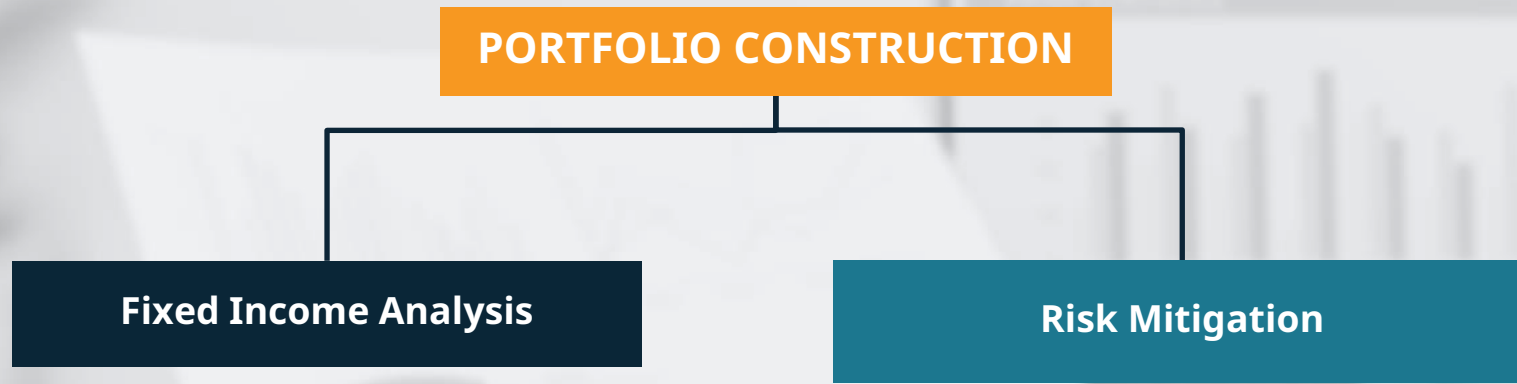


Management interaction



Credit rating agency interaction

Portfolio Construction Factors



Fixed Income Analysis



Macro Data - macro economic fundamental and data points - domestic and external such as GDP growth, IIP Growth, Aggregate Net profit Margin of firms, Credit Growth, Leverage in the system, Investment Growth, CAD, Inflation, systematic liquidity, FED Policy and RBI Policy Stance



Credit Curve Analysis - relative valuation of securities and credit spreads, term spread dynamics, real yield differentials



Interest Rate Outlook - Interest rate curve evolution estimates based on econometric and time series information (Vector Autoregression, Principal Component Regressions)



Demand & Supply - Issuance of government securities, SDLs, corporate bonds, short-term money market issuances and overall market liquidity



Interaction - Management interaction, Credit Rating agency interaction, Other Market Intelligence etc.

Risk Mitigation



Credit Risk

Comprehensive early warning signal system



Diversification

Internal guidelines to avoid concentration risk



Stress Testing & Scenario Analysis

Provides a holistic perspective and robustness to processes



Liquidity

Pivotal to the construction of portfolio and selection of securities

Key Differentiators: Investment Process Based Objective Analysis



- ✓ *Investment processes form a quantitative anchor for strategic and tactical decision making*
- ✓ *Provides objectivity to qualitative analysis regarding Potential Government Measures, Repo Rate Actions, Potential Credit Downgrades, etc.*

Key Differentiators



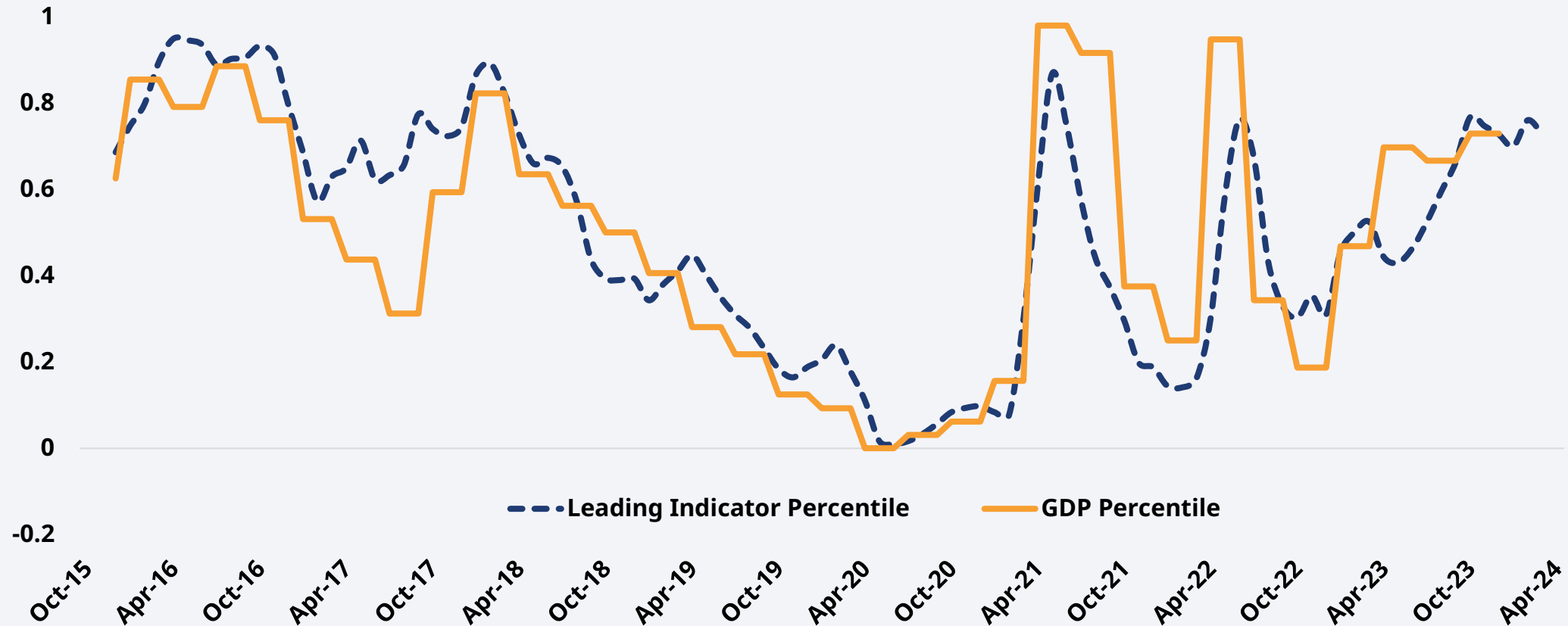
Macro



- **In House High Frequency Leading Indicator:** Macro-economic index based on leading indicators. Provides information on the state and trajectory of domestic economy with a lead of about 2 months.
- **In- House Interest Rates forecasting mechanism:** Forms the anchor and helps in strategic and tactical decision making.

Key Differentiators Cont..

HIGH FREQUENCY LEADING INDICATOR - MACRO ECONOMIC STATE

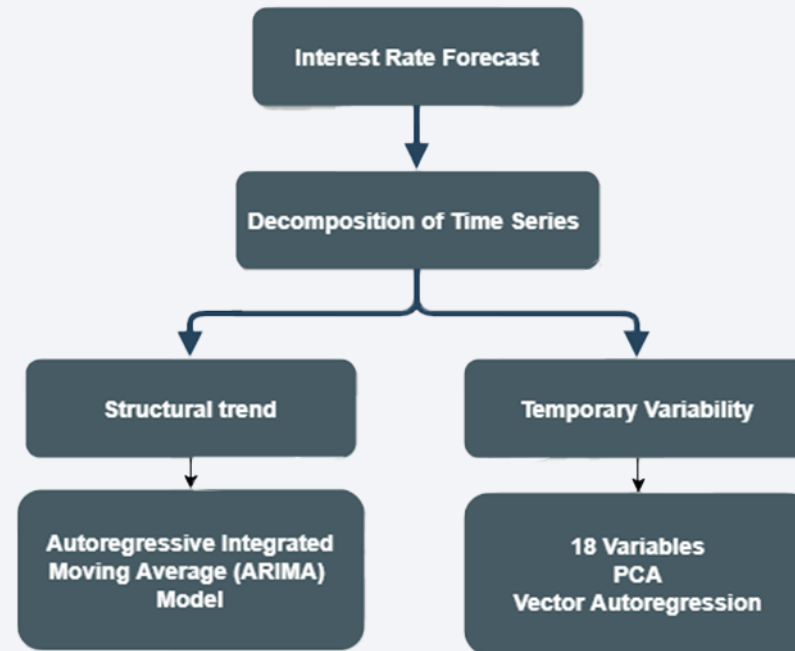


✓ 4 DIMENSIONAL , 29 VARIABLES HIGH FREQUENCY LEADING INDICATOR:
HIGH +VE CORRELATION WITH GDP WITH A LEAD OF ~2 MONTHS

Key Differentiators Cont..

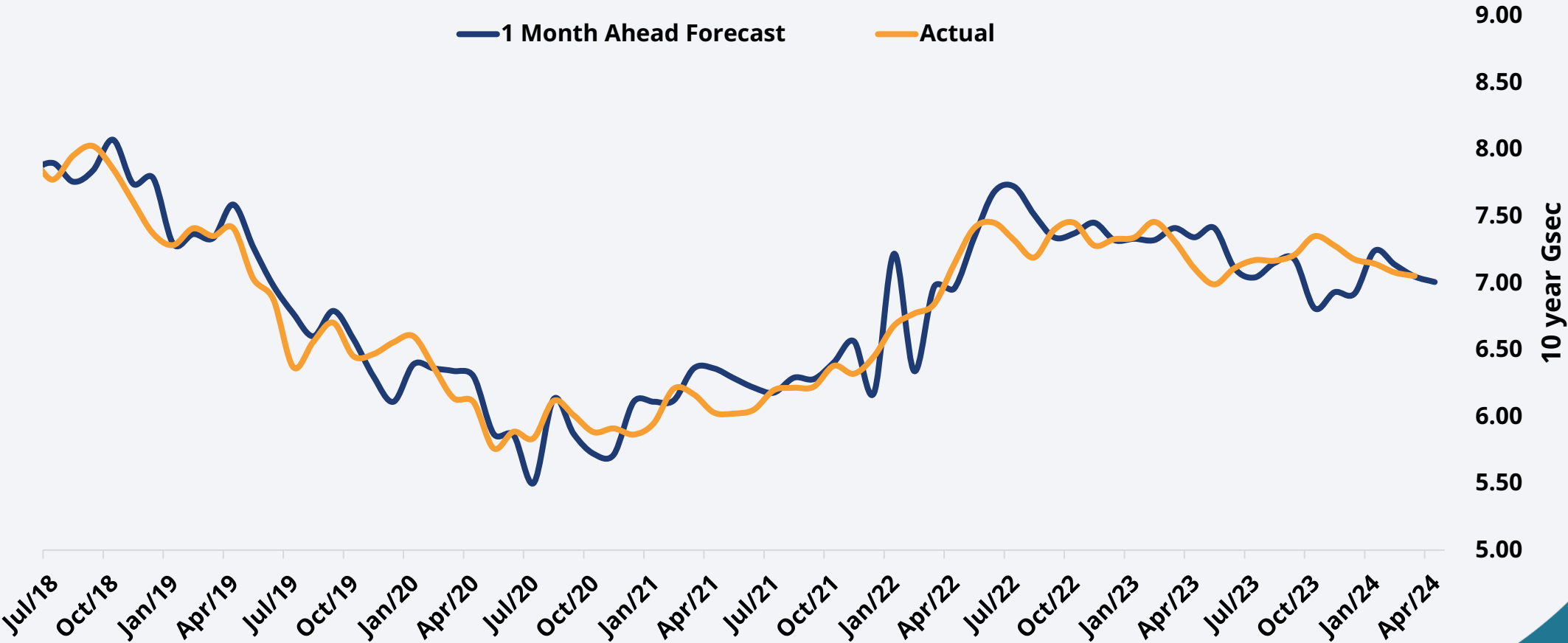
✓ Multivariate Econometric And Time Series Predictive Mechanism that Forecasts Interest Rates

- Principal Component Analysis (PCA), Vector Autoregressions
- 18 Variables, 5 Step Process
- Backtested, High Confidence Level
- Periodic Stress Test and Scenario Analysis



Key Differentiators Cont..

10 YEAR INTEREST RATES - 1 MONTH AHEAD FORECAST vs ACTUAL



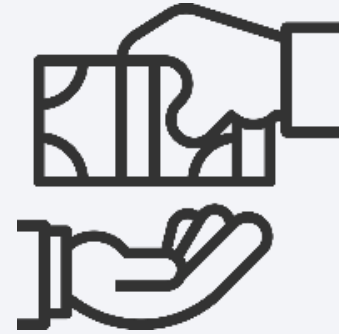
This is the current investment strategy/process and can change without notice, depending on the market conditions and the fund manager's view.



Key Differentiators



Credit



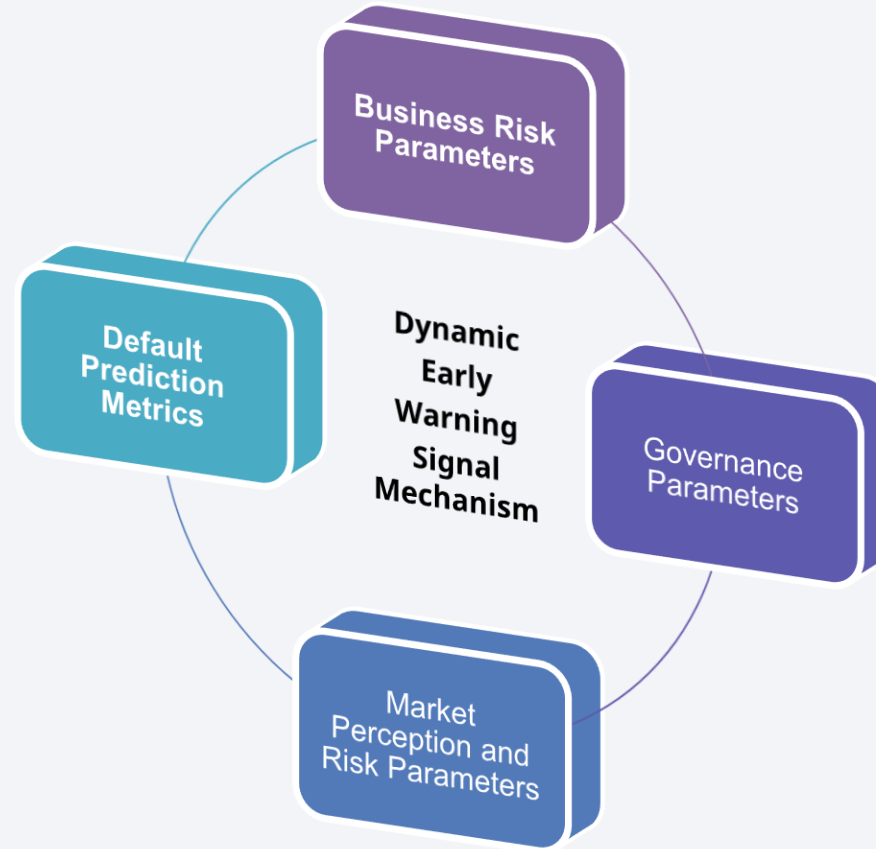
- In House Mechanism consisting of multiple parameters to assess governance, business resilience and credit quality
- Regular interaction with rating agencies to understand rating resistance levels and predict potential downgrades.
- Prediction of default probability using multiple mechanism.

Key Differentiators Cont..

Traditional Quantitative and Qualitative Credit Analysis



+



Key Differentiators



Spreads

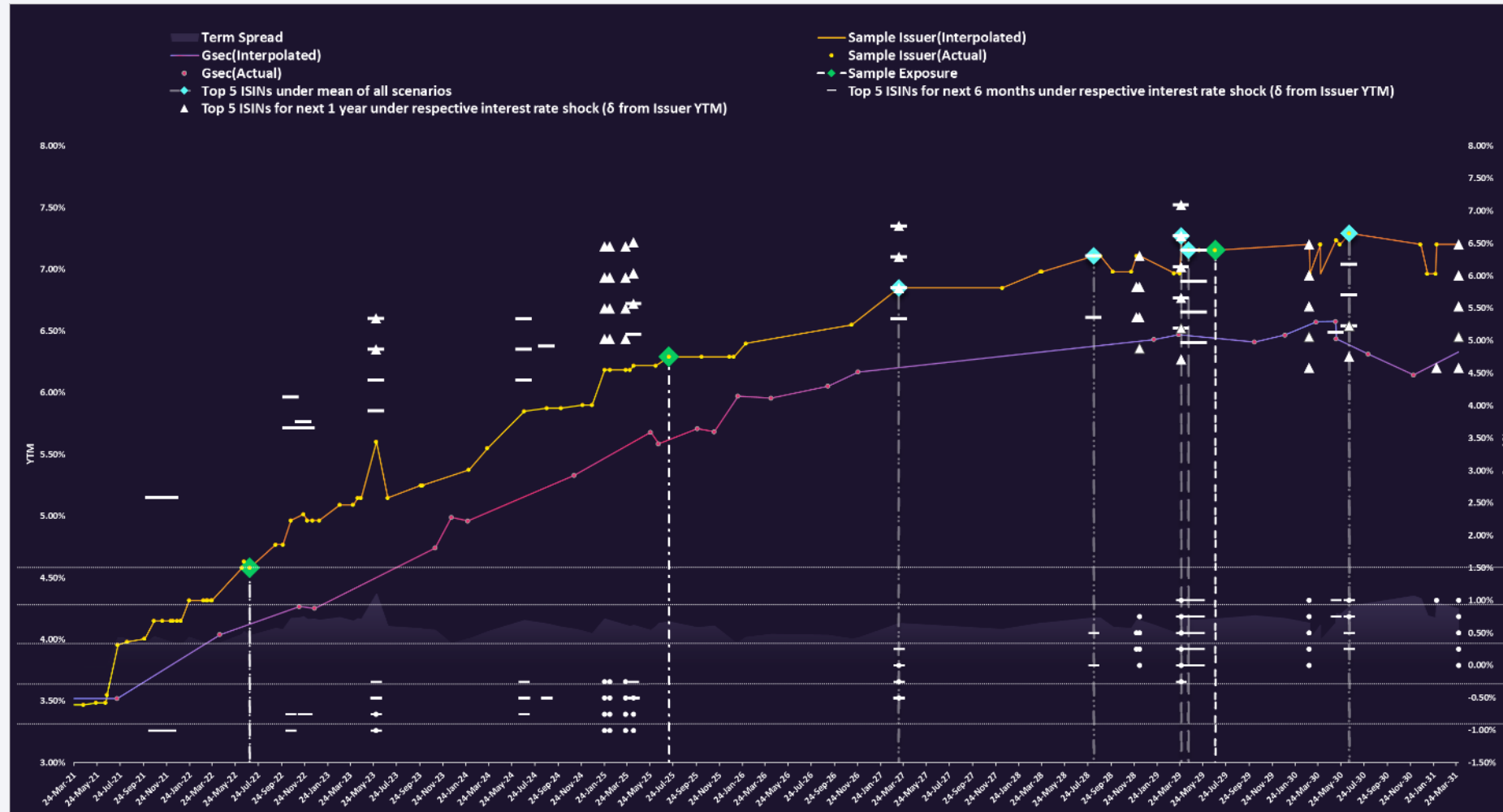


✓ Relative Value Spread Analysis

- Risk Adjusted Relative Value Spread Analysis Indicates Attractiveness of Securities/Sectors
- Continuous Credit and Term Spread Analysis

Key Differentiators Cont..

Sample Yield Curve Analysis



This is the current investment strategy/process and can change without notice, depending on the market conditions and the fund manager's view.

Exit Discipline

We remove any companies from fund house fixed income universe for the following reasons :



Management Quality Concerns



**Deteriorating Industry, Business
or Financial Risk Profile**



**Potential Probability of Default
on debt Instrument by any group
company**



Likelihood of Rating Downgrade

Investment Team - Fixed Income



PARIJAT AGRAWAL
Head of Fixed Income



DEVESH THACKER
Co-Fund Manager



ANINDYA SARKAR
Co-Fund Manager



TARUN SINGH
Co-Fund Manager & Dealer



SHRENUJ PAREKH
Co-Fund Manager

Structure Of Fixed Income Team

Mr. Parijat Agrawal

(Head of Fixed Income)

Key Responsibility: Oversight of fixed income investments, Macro calls & Investment strategies

Funds Co- Managed

Union Gilt Fund, Union Medium Duration Fund, Union Corporate Bond Fund, Union Dynamic Bond Fund, Union Balanced Advantage Fund^, Union Equity Savings Fund^, Union Aggressive Hybrid Fund*^, Union Children's Fund^, Union Money Market Fund & Union Liquid Fund

Mr. Devesh Thacker (Co-Fund Manager)

Key Responsibility: Investment decisions, Portfolio strategies & Duration and liquidity risk management

Funds Co-Managed:

Union Liquid Fund, Union Dynamic Bond Fund, Union Arbitrage Fund, Union Money Market Fund, Union Overnight Fund & Union Fixed Maturity Plan (FMP) - Series 13 (1114 days)

Mr. Shrenuj Parekh (Co-Fund Manager)

Key Responsibility: Credit research, Industry research & Assist Fund Manager for investment decisions

Fund Co- Managed:

Union Corporate Bond Fund

Mr. Anindya Sarkar (Co-Fund Manager)

Key Responsibility: Investment decisions, Portfolio strategies & Duration and liquidity risk management

Fund Co- Managed:

Union Gilt Fund, Union Medium Duration Fund, Union Corporate Bond Fund & Union Fixed Maturity Plan (FMP) - Series 13 (1114 days)

Mr. Tarun Singh (Dealer & Co-Fund Manager)

Key Responsibility: Investment decisions, Deal execution & Liquidity analysis

Fund Co- Managed:

Union Overnight Fund

* Pursuant to Notice Cum Addendum dated January 12, 2024, the name of Union Hybrid Equity Fund has been revised as Union Aggressive Hybrid Fund with effect from January 18, 2024.

^ Mr. Parijat Agrawal is co-managing the aforesaid three schemes with Mr. Sanjay Bembalkar and Mr. Hardick Bora and is responsible for the fixed income portion of the aforesaid schemes.

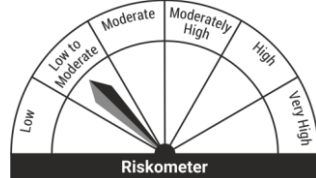
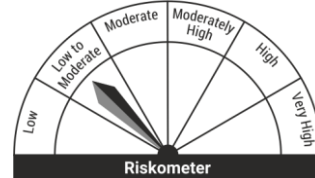
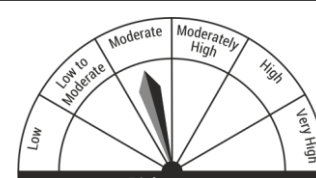
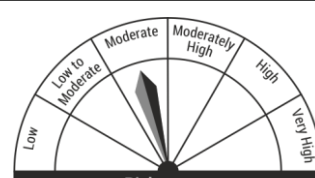
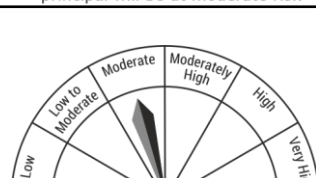
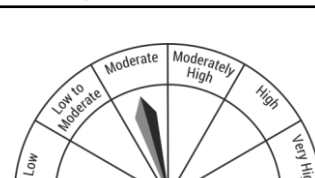
Product Features – Debt Schemes (Open ended)

SR. NO	NAME OF MUTUAL FUND SCHEME	BENCHMARK*	DATE OF INCEPTION	MANAGED/CO-MANAGED BY
1	Union Liquid Fund (An Open-Ended Liquid Scheme. A relatively low interest rate risk and moderate credit risk)	CRISIL Liquid Debt A-I Index [#]	15 th June 2011	Parijat Agrawal & Devesh Thacker
2	Union Dynamic Bond Fund (An open-ended dynamic debt Scheme investing across duration. A relatively high interest rate risk and moderate credit risk)	CRISIL Dynamic Bond A-III Index [#]	13 th February 2012	Parijat Agrawal & Devesh Thacker
3	Union Corporate Bond Fund (An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.)	CRISIL Corporate Debt A-II Index [#]	25 th May 2018	Parijat Agrawal, Anindya Sarkar & Shrenuj Parekh
4	Union Overnight Fund (An open ended debt scheme investing in overnight securities. A relatively low interest rate risk and relatively low credit risk)	CRISIL Liquid Overnight Index [#]	27 th March 2019	Tarun Singh & Devesh Thacker
5	Union Medium Duration Fund (An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 to 4 years. Please refer to the page no. 40 of the SID on which the concept of Macaulay Duration has been explained. A relatively high interest rate risk and moderate credit risk.)	CRISIL Medium Duration Debt A-III Index [#]	14 th September 2020	Parijat Agrawal & Anindya Sarkar
6	Union Money Market Fund (An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk)	CRISIL Money Market A-I Index [#]	26 th August 2021	Parijat Agrawal & Devesh Thacker
7	Union Gilt Fund (An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)	CRISIL Dynamic Gilt Index [#]	8 th August 2022	Parijat Agrawal & Anindya Sarkar

Refer Slide no. 33 for benchmark disclaimers

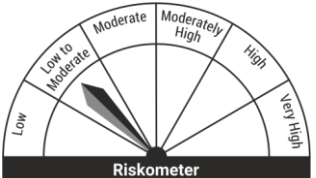
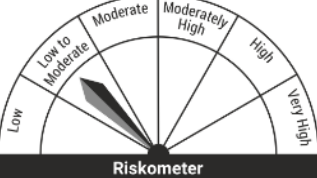
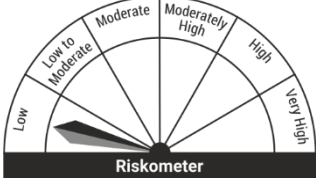
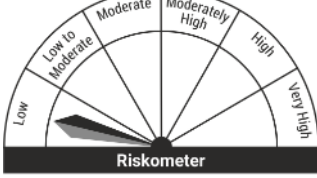
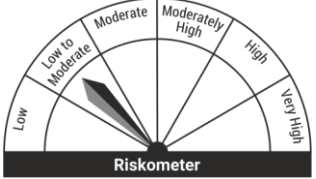
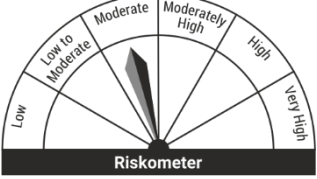
*The Benchmark of some schemes have changed w.e.f. March 12, 2024. Please refer slide no. 31 for further details.

Scheme Product Labels & Benchmark Riskometers

	Riskometer	Benchmark Riskometer
Union Money Market Fund (An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk) This product is suitable for investors who are seeking*: - Regular income over short term - Investments in money market instruments with maturity upto one year	 Riskometer Investors understand that their principal will be at low to moderate risk	 Riskometer CRISIL Money Market A-I Index#
Union Corporate Bond Fund (An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.) This product is suitable for investors who are seeking*: - Regular income over Medium to Long term - Income by investing in fixed income securities of varying maturities and credit	 Riskometer Investors understand that their principal will be at moderate risk	 Riskometer CRISIL Corporate Debt A-II Index#
Union Dynamic Bond Fund (An open-ended dynamic debt Scheme investing across duration. A relatively high interest rate risk and moderate credit risk) This product is suitable for investors who are seeking*: - Regular Income over Medium to Long Term - Investment in Debt and Money Market Securities with flexible maturity profile of securities depending on the prevailing market condition.	 Riskometer Investors understand that their principal will be at moderate risk	 Riskometer CRISIL Dynamic Bond A-III Index#
Union Medium Duration Fund (An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 to 4 years. Please refer to the page no. 40 of the SID on which the concept of Macaulay Duration has been explained. A relatively high interest rate risk and moderate credit risk.) This product is suitable for investors who are seeking*: - Income/Capital Appreciation over medium term - Investment predominantly in debt and money market instruments with portfolio Macaulay Duration of 3 - 4 years.	 Riskometer Investors understand that their principal will be at moderate risk	 Riskometer CRISIL Medium Duration Debt A-III Index#

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

Scheme Product Labels & Benchmark Riskometers

	Riskometer	Benchmark Riskometer
Union Gilt Fund (An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.) This product is suitable for investors who are seeking*: • Credit risk free return over the medium to long term • Investments in Government Securities across maturities	 Riskometer Investors understand that their principal will be at moderate risk	 Riskometer CRISIL Dynamic Gilt Index#
Union Liquid Fund (An Open-Ended Liquid Scheme. A relatively low interest rate risk and moderate credit risk) This product is suitable for investors who are seeking*: • Reasonable returns over Short Term commensurate with low risk and high level of liquidity. • Investment in Money market and Debt securities with maturity of upto 91 days.	 Riskometer Investors understand that their principal will be at low to moderate risk	 Riskometer CRISIL Liquid Debt A-I Index#
Union Overnight Fund (An open ended debt scheme investing in overnight securities. A relatively low interest rate risk and relatively low credit risk) This product is suitable for investors who are seeking*: • Income over short term • Investment in Debt and Money Market instruments with overnight maturity.	 Riskometer Investors understand that their principal will be at low risk	 Riskometer CRISIL Liquid Overnight Index#
Union Fixed Maturity Plan (FMP) - Series 13 (1114 Days) (A Close-ended Debt Scheme. A relatively high interest rate risk and moderate credit risk.) This product is suitable for investors who are seeking*: • Regular income over the tenure of the Scheme • Investment in Debt and Money Market Instruments.	 Riskometer Investors understand that their principal will be at low to moderate risk	 Riskometer CRISIL Medium Duration Debt A-III Index#

Note: The Scheme and Benchmark riskometers are evaluated on monthly basis and the current riskometers are based on the evaluation of portfolios as on March 31, 2024.

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

Notes for Change in Benchmark of Certain Schemes

The benchmark of the following schemes have changed with effect from March 12, 2024:

<u>Sr No.</u>	<u>Scheme Name</u>	<u>Earlier Benchmark</u>	<u>Revised Benchmark (w.e.f March 12, 2024)</u>
1	Union Liquid Fund	CRISIL Liquid Debt B-I Index	CRISIL Liquid Debt A-I Index
2	Union Dynamic Bond Fund	CRISIL Dynamic Bond B-III Index	CRISIL Dynamic Bond A-III Index
3	Union Corporate Bond Fund	CRISIL Corporate Bond B-III Index	CRISIL Corporate Debt A-II Index
4	Union Medium Duration Fund	CRISIL Medium Duration Debt B-III Index	CRISIL Medium Duration Debt A-III Index
5	Union Money Market Fund	CRISIL Money Market B-I Index	CRISIL Money Market A-I Index
6	Union Fixed Maturity Plan (FMP) - Series 13 (1114 Days)	CRISIL Medium Duration Debt B-III Index	CRISIL Medium Duration Debt A-III Index

Potential Risk Class Matrix of Debt Schemes

Scheme name	Potential Risk Class Matrix			
Union Overnight Fund	Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
	Interest Rate Risk of the Scheme ↓			
	Relatively Low (Class I)	A-I		
	Moderately (Class II)			
	Relatively High (Class III)			
Union Liquid Fund	Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
Union Money Market Fund	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
	Interest Rate Risk of the Scheme ↓			
	Relatively Low (Class I)		B-I	
	Moderately (Class II)			
	Relatively High (Class III)			
Union Dynamic Bond Fund	Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
Union Corporate Bond Fund	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Union Medium Duration Fund	Interest Rate Risk of the Scheme ↓			
	Relatively Low (Class I)			
	Moderately (Class II)			
	Relatively High (Class III)		B-III	
Union Fixed Maturity Plan (FMP) - Series 13 (1114 days)	Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
Union Gilt Fund	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
	Interest Rate Risk of the Scheme ↓			
	Relatively Low (Class I)			
	Moderately (Class II)			
	Relatively High (Class III)	A-III		

DISCLAIMER

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

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Copy of all Scheme related documents along with the application form can be obtained from any of our AMC offices / Customer Service Centres/ distributors as well as from our website www.unionmf.com.

THANK YOU

