UTI India Dynamic Equity Fund

December 2017 Review

UTI International
www.utifunds.com

Commentary on Equity Markets

The MSCI India Index started the month at 18.65 and closed at 19.81, imcreasing by 6.2% over the month. As per latest data, FIIs were net sellers in Equity with outflow of USD 0.83 Bn compared to inflow of USD 2.97 Bn seen last month. FIIs bought USD 0.39 Bn in Indian debt compared to outflow of USD 0.22 Bn last month. Domestic Mutual Funds were net buyers in equities with substantial net buying of USD 0.96 Bn in the month.

Commodities and Inflation

NYMEX Crude Oil prices rose by ~5.2% from the previous month levels, ending at 60.42 per barrel; the prices were higher by ~12.5% yoy. LMEX closed at 3418.9 higher by ~7.6% over the month (higher ~28.5% yoy). Gold prices closed at USD 1297/oz higher by ~1.25% over the previous month (higher by ~11.9% yoy). The USD Index weakened vs. other currencies with USD falling ~0.99% over the month; over the year the USD Index was lower by ~9.8%.

November CPI rose sharply to 4.9% from 3.58% in October as food inflation rose to 4.4% from 2.3% in the previous month led by a 22.5% yoy rise in vegetable prices. Pulses inflation however continued to show a negative print for the 12th time in succession. Vegetable prices are expected to cool off as the winter crop hits the market. Fuel and light inflation also increased to 8% from 6.4% last month because of a rise in LPG prices in line with global crude inflation. Core CPI printed higher at 4.7% in November. While some segments within the core such as Recreation and Amusement, Transport and Communication and Personal Care and Effects showed some dips, the upside was registered by Fuel and Light, Clothing and Footwear and Miscellaneous items. Housing inflation also continued to rise due to the implementation of increased allowances under the 7th Pay commission. Some drop in core CPI could be expected in the following months as the recent reduction in the GST rates are passed on.

Debt Markets & Real Economy

In the debt market, rising crude oil prices and fiscal woes retained elevated yield levels. However, the announcement of increased G-Sec borrowing by Rs 50,000 Cr and increased T-Bill borrowing for Q4 led to a sell-offs in the market. The yield curve witnessed a sharp rise in levels. The 10 year benchmark yield ended the month at 7.33% compared to 7.0% previous month. The 1 Year CD yield was seen trading at 7.1% (6.67% previous month) and the 10 year AAA bond ended at 7.83% compared to 7.70% previously.

October IIP eased to 2.2%, compared to 3.8% previous month, largely dragged by the continued decline in the consumer durables production. Consumer Durables declined by 6.9% yoy continuing subdued trend since the demonetization announcement. The decline in consumer durables can be attributable to sharp decline in jewellery by 77% yoy and electric heaters by 40%. However, some improvement is expected going forward once the base sets in from the next month. Capital goods reported a growth of 6.8% yoy vs 8.2% in September as restocking post GST Seems to have pushed the growth during the month. Consumer non-durables continued to surprise with a growth of 7.7% yoy due to healthy growth of 23% yoy in pharmaceutical production. Primary goods sector grew by 2.5% yoy, largely attributable to lower growth in electricity generation and diesel production of 3.2% yoy and 7.8% respectively.

As per the latest RBI data, Forex reserves position increased to USD 404.92 Bn over the month. The Rupee appreciated by ~1.03% closing at 63.829 Rs/USD vs. 64.495 Rs/USD last month.

Sector-wise Performance

Key outperforming sectors during the month were Metals and Automobiles. The Metals sector has underperformed during November as some profit booking was witnessed. However, strong momentum seen in global commodity prices has driven a rally during December. Being a global commodity we feel this sector is totally linked to the global economic revival. The run up in metal prices on account of expectations related to infrastructure spending by the Trump government are cooling off now. Demand from China is also not showing any signs of strength. We shall remain underweight on this sector on account of not so attractive return ratios as also huge volatility shown by most companies.

Stocks within the Automobiles sector outperformed as volumes across the industry show stable growth. Auto manufacturers are expected to deliver healthy growth going forward as well driven by pent-up demand in the economy, rural revival, and pick-up in consumption demand. The long term prospects of the sector continue to remain strong on account of significant potential for higher penetration in India. Also, ancillary companies with strong pedigrees and ability to improve content per vehicle are also attractive long term investment opportunities. We continue to maintain positive outlook on the sector.

The Energy sector underperformed for the second month in a row primarily driven by pressure on oil marketing companies as the continuous rise in global crude oil prices fuelled concerns that their margins may come under pressure. Our view continues to be negative on OMCs as we feel that deregulation of marketing margins for downstream companies shall lead to increase in competition by private and foreign players. Also, the refining part of the business remains highly capital intensive with huge volatility in margins and profits and commodity characteristics. Further the huge rise in profits in the past year for most of the companies in this sector was on account of big inventory gains, which to our mind is a one off income and should not be extrapolated. We continue to remain underweight on the sector.

Market Outlook

Indian equity market saw a healthy rally over 2017 with the Sensex and Nifty delivering over 28% returns over the year. The key drivers for the market's strong performance were government's focus on key reforms, stable macro-economic situation, and the expectations of a gradual growth recovery. A sharp fall in interest rates post demonetization also led to a surge in flows into financial assets which also contributed to the market momentum. As the momentum has driven equity market to above average valuations, the focus going ahead will be on growth recovery. Strong pick-up in earnings will make valuations appear comforting and shall determine market's direction going ahead. In the near term, the Union Budget will be a key event to watch out. We continue to maintain positive outlook on the market.

	USD Institutional	USD RDR	USD Retail	Euro	Euro Retail	GBP RDR
ISIN	IE00BYPC7R45	IE00BYPC7S51	IE00BYPC7Q38	IE00BYPC7T68	IE00BDH6RQ67	IE00BDH6RR74

Signatory of: PRI Principles for Responsible Investment

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Austria

Erste Bank der oesterreichischen Sparkassen AG (the "Paying Agent") having its registered office at OE 01980869, AM Belvedere 1, A-1100 Wien, Austria has been appointed as the paying agent and information agent in Austria in accordance with sec. 141 para 1 of the IFA 2011. Investors may seek further information as to the subscription and redemption procedure applicable to the Fund from the Paying Agent.

Finland

The Funds are established under the laws of the Ireland and are marketed in Finland in accordance with Chapter XI of Directive 2009/65/EC as transposed into national legislation, including Section 128 of the Finnish Act on Mutual Funds (48/1999, as amended) unless otherwise stated herein.

Germany

The Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Agency for Financial Services Supervision) has been notified pursuant to Sec. 132 Investmentgesetz (Investment Act) of the intention to publicly distribute Shares of the Fund in the Federal Republic of Germany. The legal documents can be obtained in German, free of charge, from the information agent. The Information Agent in Germany is BHF-BANK Aktiengesellschaft, Bockenheimer Landstrasse 10, 60323 Frankfurt am Main.

Guernsey

UTI International Ltd, Guernsey (UTI IL) is a regulated entity in Guernsey, governed by Guernsey law, and is under the Protection of Investors (Bailiwick of Guernsey) Law 1987.

Hong Kong

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Ireland

The Fund is an open-ended investment company with variable capital incorporated with limited liability in Ireland under the Companies Acts, 1963 to 2012 with registration number 516063 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011). The Fund is both authorised and supervised by the Central Bank. Authorisation of the Fund by the Central Bank shall not constitute a warranty as to the performance of the Fund and the Central Bank shall not be liable for the performance or default of the Fund. The authorisation of the Fund is not an endorsement or guarantee of the Fund by the Central Bank and the Central Bank is not responsible for the contents of the Prospectus of the Fund.

Singapore

The Fund is a recognised scheme under the Securities and Futures Act, Chapter 289 of Singapore ("SFA"). A copy of the Singapore Prospectus has been lodged with and registered by the Monetary Authority of Singapore ("MAS"). Investors from Singapore must read the Singapore prospectus and the product highlights sheet before making any investment decision. The MAS assumes no responsibility for the contents of the Singapore Prospectus. Registration of the Singapore Prospectus by the MAS does not imply that the SFA or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Company. The distribution of this Singapore Prospectus and the offering or sale of the Shares in the Company in some jurisdictions may be restricted or prohibited. Persons who have possession of the Singapore Prospectus of the Fund must inform themselves about and observe such restrictions or prohibitions.

Switzerland

The Company is authorized for public distribution in and from Switzerland by the Swiss Financial Market Supervisory Authority ("FINMA"). Investors from Switzerland should read the Consolidated Prospectus for use solely in Switzerland. The representative and paying agent in Switzerland is RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, P.O. Box P.O. Box 1292, 8048 Zurich (the "Representative") . In Switzerland, the funds prospectus, Key Investor Information Document (KIID), the articles of association, the annual and semi-annual reports may be obtained free of charge from the Representative. In respect of the units distributed in and from Switzerland, the places of performance and jurisdiction is the registered office of the Representative.

Sweden

The Funds are registered in Sweden pursuant to Chapter 1, Section 7 of the Swedish Investment Funds Act ((Sw. lag (2004:46) om värdepappersfonder) and the Funds may be marketed and distributed in Sweden. Prospectuses, key investor information document (KIID), most recent annual reports and, where applicable, half-yearly reports published thereafter, are provided or sent free of charge to any investor intending to invest in the Funds. Prospectuses and KIID of the Funds may also be obtained from the Fund's Paying Agent in Sweden at MFEX Mutual Funds Exchange AB, Grev Turegatan 19, Box 5378, SE-114 38 Stockholm, Sweden. Tel: +46 (0)8 559 03 600 / Fax:+46 (0)8 545 186 29.

Spain

The UTI Goldfinch Funds Plc, SICAV is duly registered in the CNMV official registry of foreign collective investment institutions as authorised to be marketed to the public in Spain with number 1668. In Spain, any investment must be made through the authorised distributors and on the basis of the information contained in the mandatory documentation that must be received from the authorised distributor of the SICAV prior to any subscription, or that may be obtained from the CNMV registries.

United Arab Emirates

The Fund is registered with the Securities and Commodities Authority ("SCA") of UAE as a foreign investment fund. The fund can be offered and marketed by licenced distributor who has individually obtained approval from SCA to distribute this Fund. The information on the list of licenced distributor for this fund will be available from the investment manager of the Fund.

U.K

Any financial promotion contained herein, as defined by UK regulations, has been approved by UTI International Limited (FCA no:183361); a firm authorised and regulated by the Financial Conduct Authority ("FCA") . U.K The Fund mentioned herein has been recognised by the FCA pursuant to section 264 of the FSMA. Facilities Agent is UTI International Limited,45 King William Street London EC4R 9AN United Kingdom. Copies of the legal documents can be obtained in English, free of charge, from the Facilities Agent at 45 King William Street London EC4R 9AN, United Kingdom. The promotion of the Company in the United Kingdom can be carried out by persons authorized to carry on investment business in the United Kingdom under the FSMA and is not subject to the restrictions on promotion contained in section 238 of the FSMA. The FCA has not approved and takes no responsibility for the contents of the Prospectus or the UK Country Supplement or for any document referred to in them, nor for the financial soundness of the Fund or for the correctness of any statements made or expressed in the Prospectus or the UK Country Supplement or any document referred to in them.

United States of America

The Shares have not been nor will they be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or registered or qualified under the securities laws of any of the states of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "U.S. Person" (as defined in Regulation S under the 1933 Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state securities laws.

Neither the Company nor any Fund will be registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), pursuant to Section 3(c)(7) of the 1940 Act. Accordingly, Shares will only be sold to "U.S. Persons", as defined in Regulation S under the 1933 Act, who are "qualified purchasers", as defined in the 1940 Act or the regulations thereunder, or as otherwise consistent with Section 3(c)(7) of the 1940 Act.

Each subscriber for Shares that is a U.S. Person, as defined in Regulation S under the 1933 Act, will be required to certify that it is both an "accredited investor" as defined in Regulation D under the 1933 Act and a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act or the regulations thereunder. The qualifications for an "accredited investor" and a "qualified purchaser" are set out in detail in Appendix III to this Prospectus.

Other jurisdictions

The distribution of this document of the Fund or Prospectus of the Fund and the offering of Shares of the Fund may be restricted in certain jurisdictions. This document or the Prospectus of the Fund does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this document or the Prospectus of the Fund and of any person wishing to apply for Shares of the Fund to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or any state securities commission, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.