

Annexure-1

Confidential



Investment Policy

Of

UTI Retirement Solutions Limited

[A wholly-owned subsidiary of UTI Asset Management Company Limited,

Incorporated under the Companies Act, 1956]

Edition – XVIII

(Approved in the Board Meeting held on 25th April, 2019)

UTI Retirement Solutions Ltd.
Investment Policy for NPS Schemes

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Preamble

UTI Retirement Solutions Ltd. (UTI RSL), a 100% subsidiary of UTI Asset Management Company Ltd. was incorporated on 14th December, 2007.

UTI RSL has been set up to carry out the operations as Pension Fund directed by the Board of Trustees of the New Pension System Trust, set up under the Indian Trust Act, 1882, and to undertake asset management as prescribed by the Government or Pension Fund Regulatory and Development Authority (PFRDA).

UTI Retirement Solutions Ltd. (UTI RSL) would be governed by PFRDA Guidelines and Regulations. In addition to the Regulatory/Statutory Guidelines, UTI RSL has evolved certain additional Prudential Investment Norms for effective management of Pension Funds. These norms aim at risk containment and will contribute significantly to the Risk Management Process. Compliance to the norms would greatly diminish the risk of over exposure to a particular company or to a particular sector, while simultaneously adhering to PFRDA Guidelines on investment restrictions.

This Investment Manual is framed in order to formalize the internal processes and to guide the Fund Manager.

This document has been updated in the Board Meeting held on 5th February, 2019.

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**1. JOB RESPONSIBILITIES OF FUND MANAGEMENT
AND OTHER SUPPORT FUNCTIONS**

1.1.1 Responsibilities of CIO:

- i) CIO is responsible for the performance of the funds managed and ensure that all funds are managed as per the applicable regulatory provisions and internal norms approved by the Board from time to time. The CIO would also abide by the guidance and directions given by the Investment Management Committee and Risk Management Committee constituted by the Board of UTI-RSL.
- ii) CIO shall be guided by the strategy, policy reports and other guidelines given by the Investment Committee and the Board from time to time. The actual performance and deviation, if any, from the strategy shall be reported to the Investment Committee.
- iii) CIO continuously monitors the portfolio, including cash liquidity for the UTI-RSL as a whole.
- iv) CIO will be responsible for every investment recommendation / decision for that Fund, be it 'buy' or 'sell' either through the primary market or the secondary market.
- v) CIO should track corporate action in respect of the scrips held by the funds and coordinate with other departments to obtain requisite information regularly.
- vi) CIO should Collect data from back-office and objectively check for data integrity & material discrepancies and follow-up for corrective measures.
- vii) CIO should prepare & present investment performance & compliance related reports to the management, Board of UTI Retirement Solutions Ltd. and Pension Fund Regulatory Development Authority (PFRDA).
- viii) CIO should adhere / reply to all reports from Internal / Statutory Audits, & Compliance Cell on all investment related issues.
- ix) CIO Handles such other activities that are required to be attended to / assigned from time to time with regard to Funds Management.

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1.2 Responsibilities for Secondary Market Transactions

- i) Dealer handles activities relating to the secondary market operations through approved empanelled brokers of UTI RSL and tries to obtain the best possible prices for the purchase/sale of securities. The list of empanelled brokers is approved by Chairman of the Board of UTI-RSL and is reviewed on yearly basis.
- ii) Dealer ensures adherence to statutory guidelines and internal guidelines on distribution of business to various approved empanelled brokers.
- iii) Dealer provides feed back to CIO on market information during and beyond dealing hours.
- iv) Dealer receives bids/offers from brokers during dealing hours and accordingly informs the fund managers.
- v) Dealer handles such other activities that are required to be attended / assigned from time to time by senior management with regard to Secondary market equity dealing
- vi) These authorised 'officers' will do the dealing and conclude all the deals only from the dealing room (the record lines).

1.3 Responsibilities for Primary Market Transactions

- i) Dealer receives primary market proposals from the companies/ Intermediaries / CIO.
- ii) Dealer obtains approval of investment as per delegated Powers and issue disbursement advice/s to back office and upkeep of files and approvals.
- iii) Dealer ensures that pre-investment /Disbursement conditions are met and adhered to.
- iv) Dealer ensures adherence to the regulatory / Internal guidelines on exposure by UTI-RSL as a whole.
- v) Dealer follows-up with CIO for their options on warrant conversion dates.
- vi) Dealer receives warrant conversion details and processes as per fund managers' decision.
- vii) Dealer maintains all records, approvals, notes and backup files in respect of all primary market investments / divestments made by all the funds of UTI RSL.

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1.4 Settlement & Fund Accounts

1.4.1 Front Office Automation / Decision Support System:

The team in back office undertakes all software requirements, system administration, system co-ordination and management of front office automation activities. The activities undertaken are

- Software maintenance – integrity checks, bug identification and rectification
- Software enhancements for future requirements e.g. options dealing and accounting, Interest Rate Swaps, Securitisation of Debt, Multi Currency Dealing and accounting.
- Software vendor co-ordination
- Support Module maintenance work.
- Relevant Master updates
- Approval / Delegation Limit updates
- Submitting relevant reports to management
- Price Band updates
- Manual Delegation
- Holiday Maintenance
- Updating Investment checklists
- Changing users / user groups and team set up.