

Nippon India **Flexi Cap Fund**

(An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)

NFO Opens On: 26th July 2021

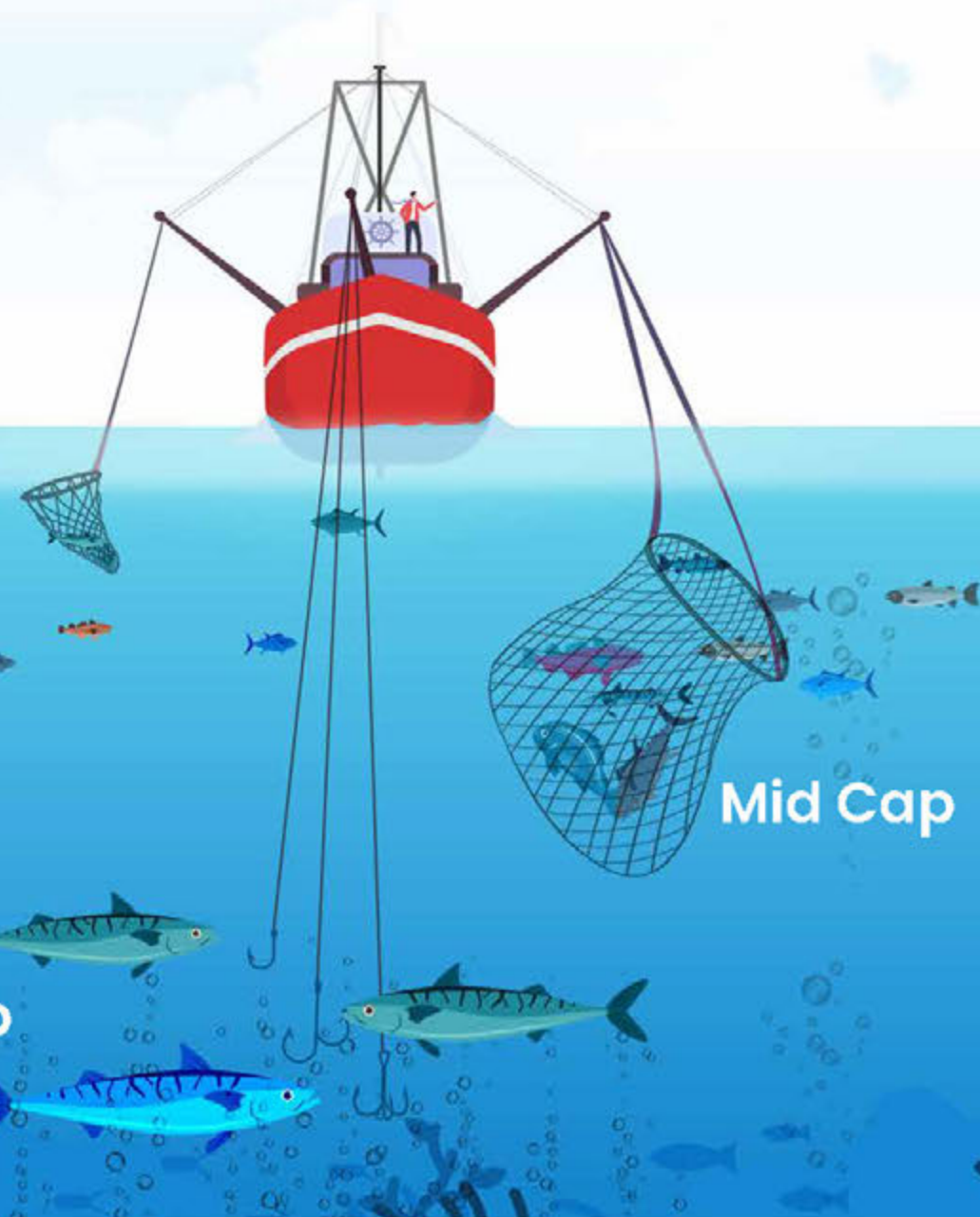
NFO Closes On: 9th August 2021

Small Cap

Large Cap

Mid Cap

Good gets *better*



Market Learnings!!



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EQUITY RETURNS MAY BE CYCLICAL... EVEN THE SUB-CATEGORIES MAY DISPLAY REASONABLE DIVERGENCE

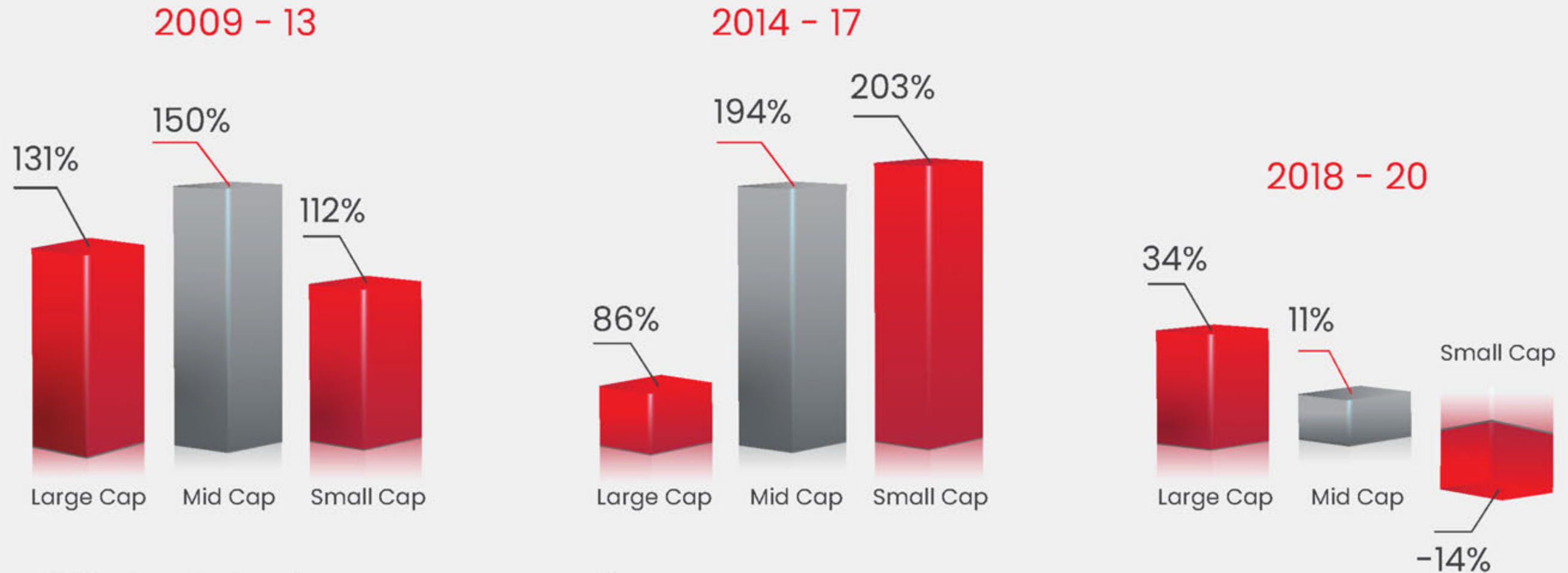
CALENDAR YEARS	MARKET CAPITALIZATION		
	Large Cap	Mid Cap	Small Cap
2020	16.08	25.56	26.46
2019	11.83	0.62	-7.26
2018	2.57	-12.62	-26.15
2017	32.88	55.73	58.47
2016	5.01	6.53	1.39
2015	-1.26	9.70	11.27
2014	34.88	62.67	71.66
2013	7.89	-1.28	-6.44
2012	32.51	46.69	40.39
2011	-24.93	-31.01	-35.07

Source: MFI Explorer. Past performance may or may not be sustained in future.

Note: 1) For Large Cap, Nifty 100 TRI returns are considered;
2) For Mid Cap, Nifty Midcap 150 TRI returns are considered;
3) For Small Cap, Nifty Small Cap 250 TRI returns are considered



MARKET CAPS OUTPERFORMANCE TENDS TO OCCUR IN PHASES



Source: MFI Explorer. Past performance may or may not be sustained in future.

Note: 1) For Large Cap, Nifty 100 TRI returns are considered; 2) For Mid Cap, Nifty Midcap 150 TRI returns are considered; 3) For Small Cap, Nifty Small Cap 250 TRI returns are considered

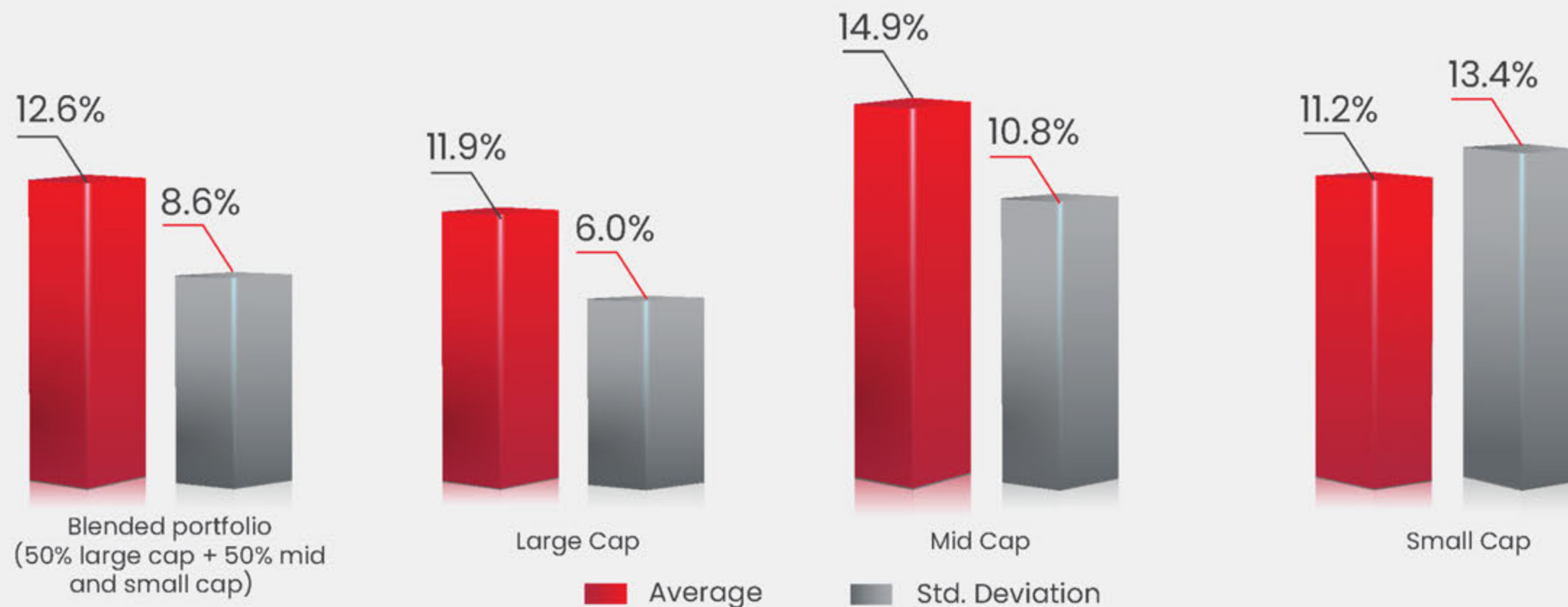


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■ ■ EXPOSURE ACROSS MARKET CAPS = BETTER INVESTMENT EXPERIENCE

3 years daily rolling returns (June 2011 – June 2021)



Note: 1) For Blended Portfolio, returns of Nifty 100 TRI (50%), Nifty Midcap 150 TRI (30%) and Nifty Smallcap 250 TRI (20%) have been considered. 2) For Large Cap, returns of NIFTY 100 TRI have been considered. 3) For Mid Cap, returns of NIFTY Midcap 150 TRI have been considered. 4) For Small Cap, returns of NIFTY Smallcap 250 TRI have been considered. Source: MFI Explorer. Past performance may or may not be sustained in future.

BENEFITS OF FLEXI CAP STRATEGY



- Large Investment Universe
- Diversification across Market Caps
- Dynamic approach
- Potential for outperformance across market cycles

A Flexi Cap Fund can dynamically adapt to varied market scenarios

It is a One Stop Solution to capture the opportunities across Market Caps



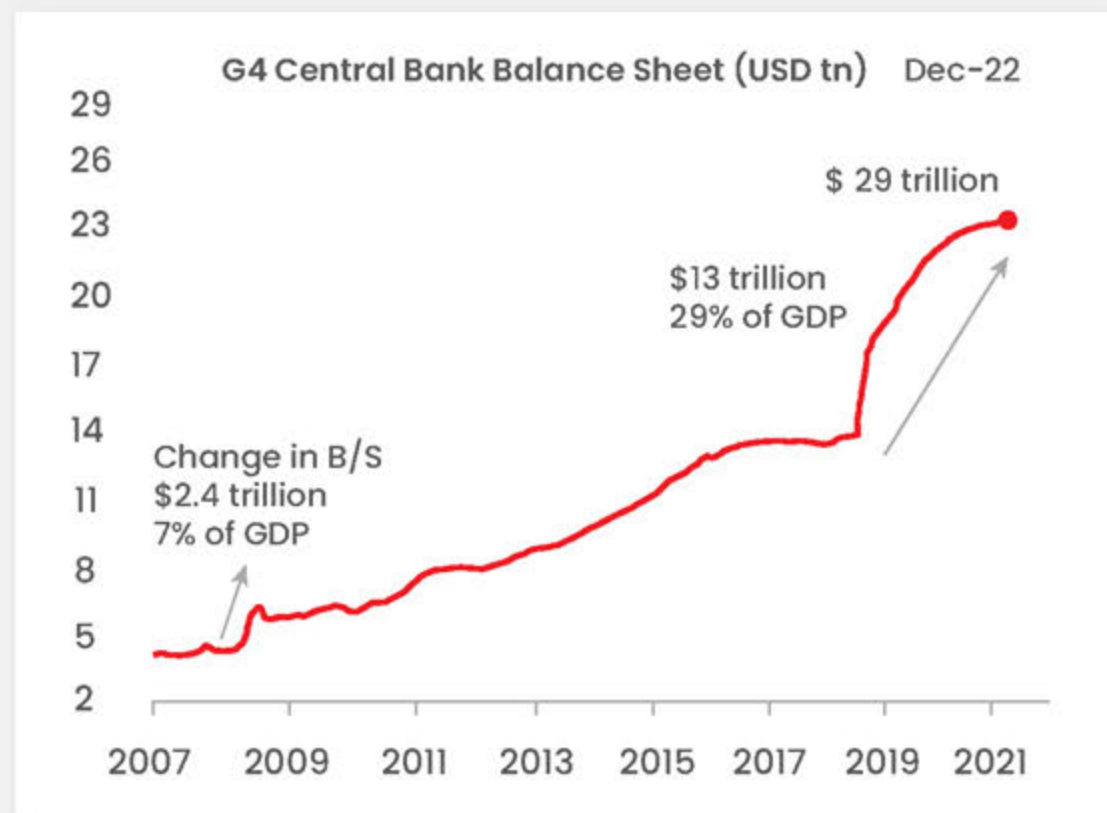
CURRENT MARKET CONDITIONS SEEM TO BE FAVORABLE
FOR FLEXI CAP STRATEGY !!



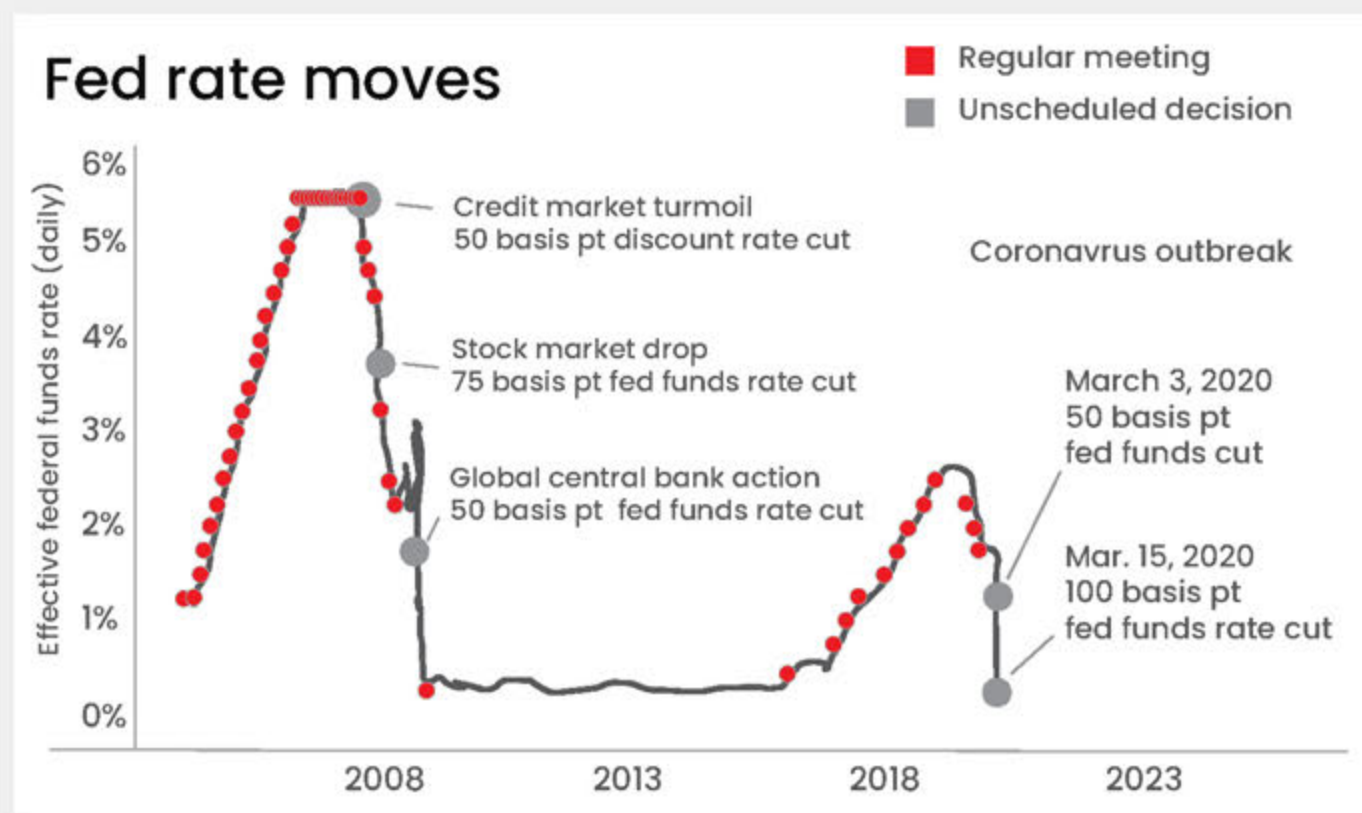
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■ AMPLE LIQUIDITY AND LOWER INTEREST RATES GLOBALLY...



Source: Fed, ECB, BoJ, BoE, Morgan Stanley Research forecasts



Source: Federal Reserve, New York Fed, St. Louis Fed, CNBC

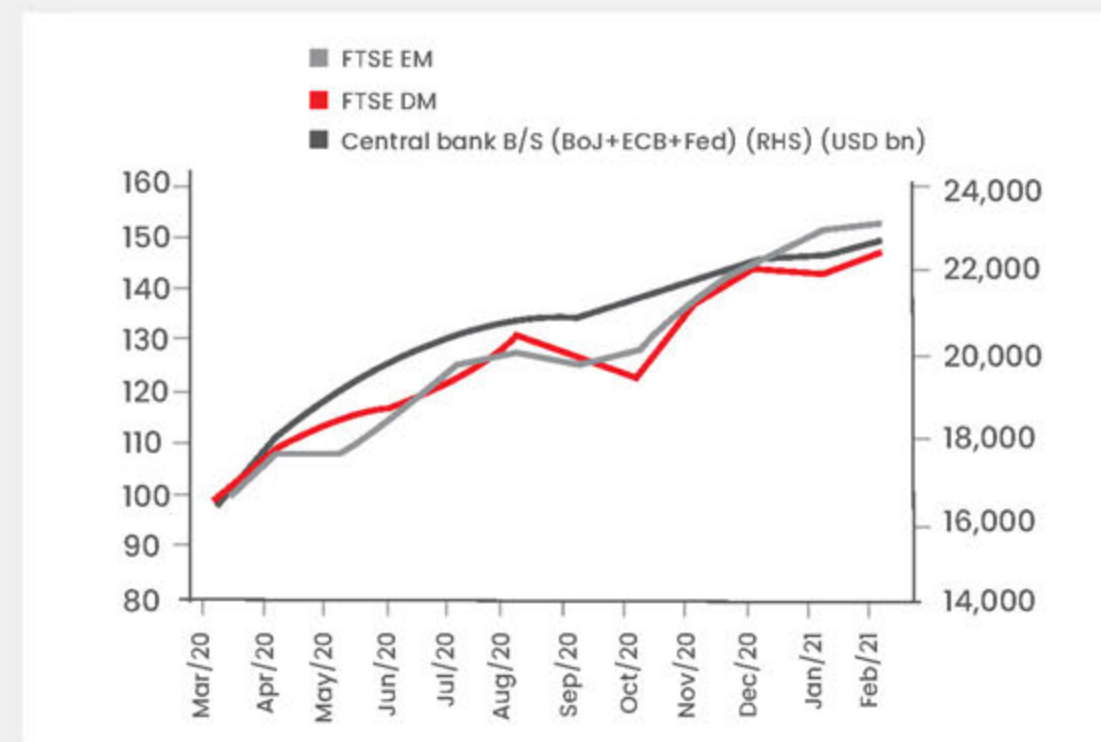
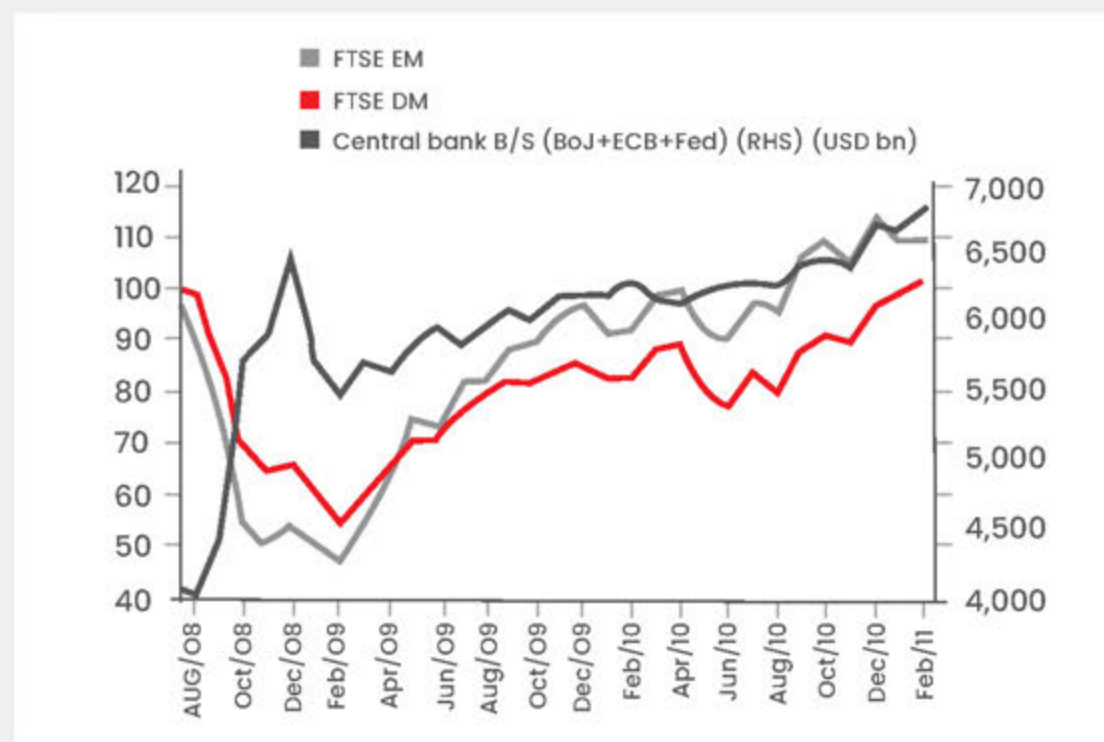
Huge liquidity usually finds its way into Equities



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HIGHER LIQUIDITY DIVERTS FLOWS TO EMERGING MARKETS IN PARTICULAR



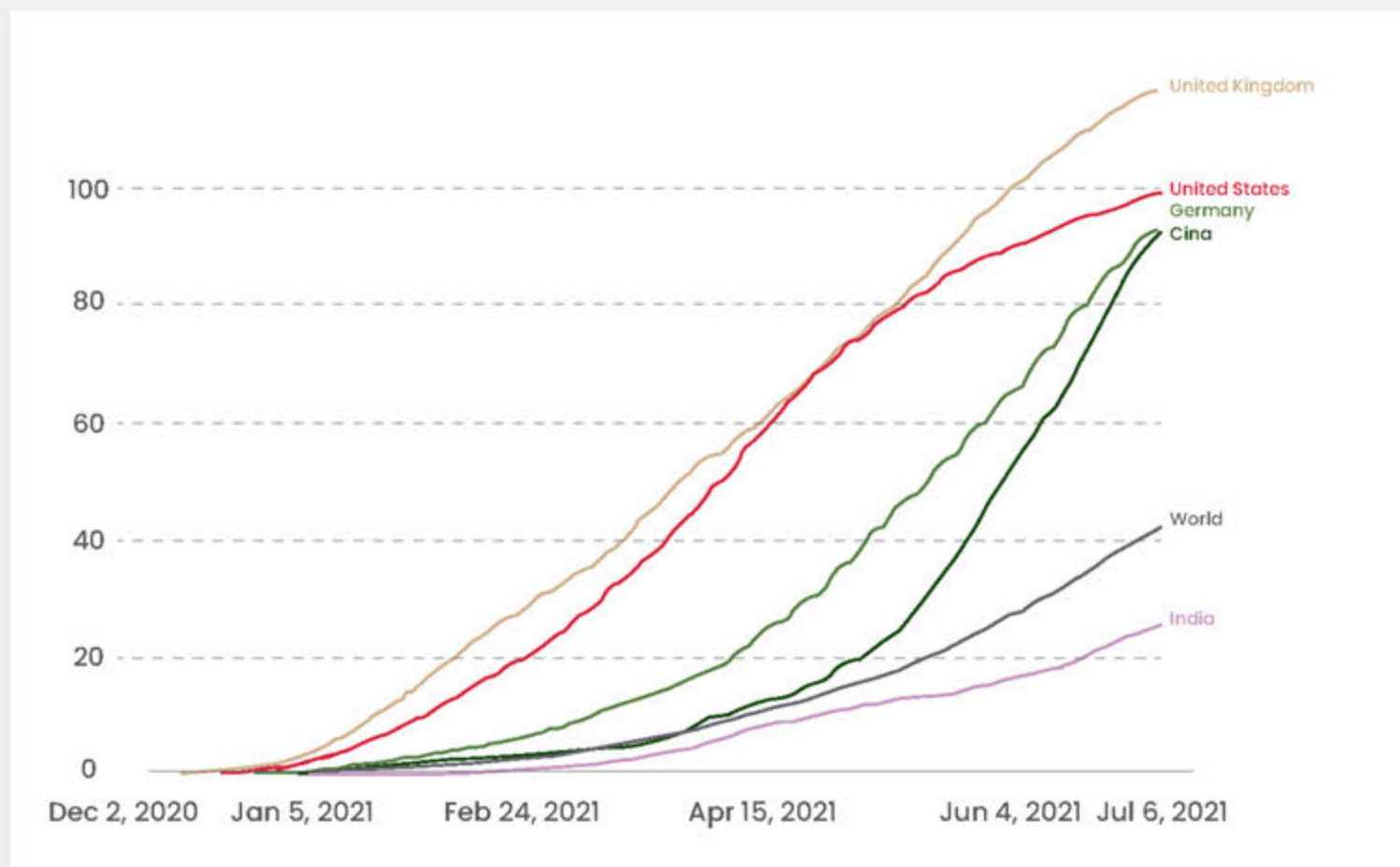
Source: PhillipCapital India Research, Bloomberg

One of the GFC learnings was outperformance of EMs in times of higher global liquidity



VISIBLE ACCELERATION IN VACCINE ROLLOUT...

COVID -19 Vaccine Doses Administered Per 100 People



Source: Our World in Data

May lead to faster demand revival

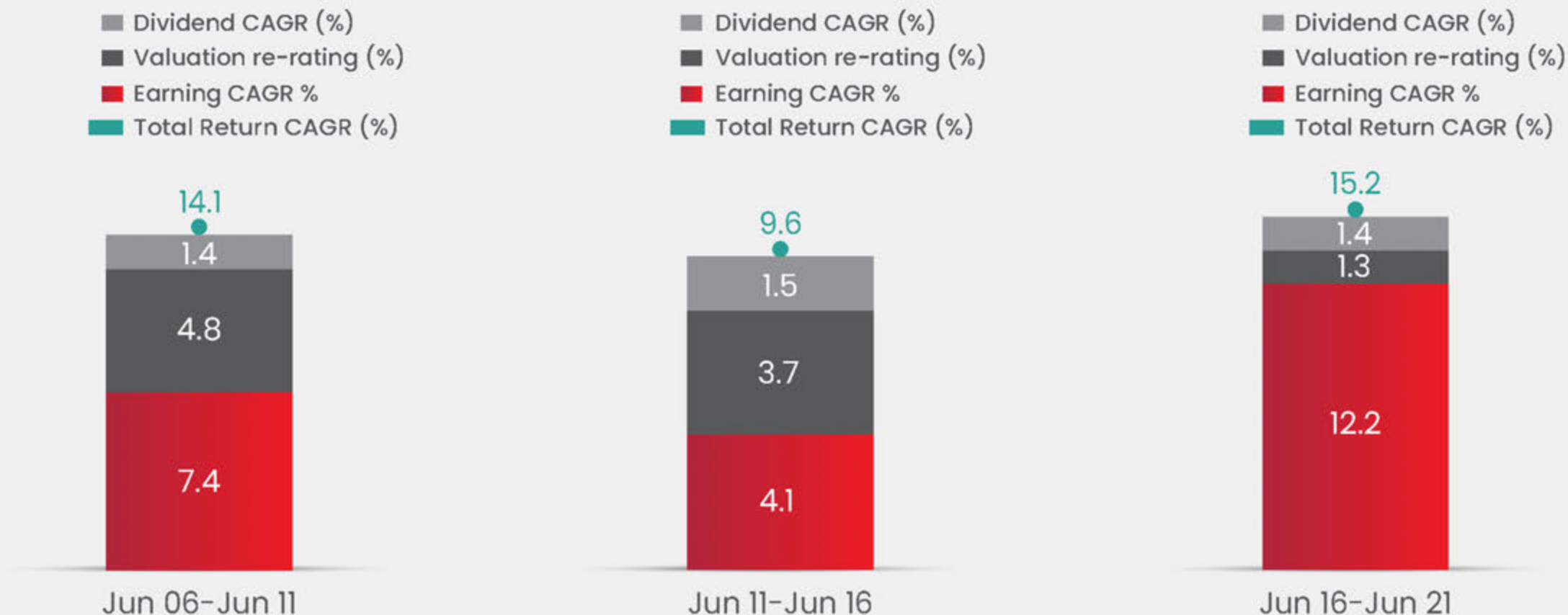


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STRONG EARNINGS GROWTH...

Total return breakdown for Nifty



Source: Bloomberg, MOFSL. As of 30th Jun'21; **Past performance may or may not be sustained in future;**

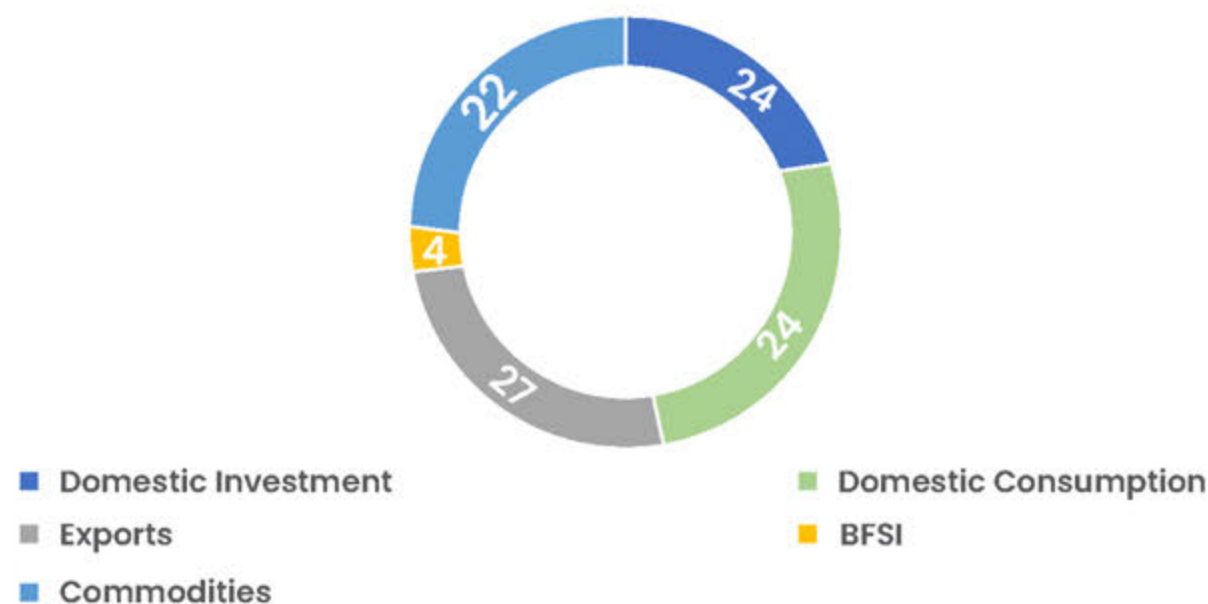
Note: The above graph shows how much of Nifty total returns can be attributed to Dividend CAGR, Valuation re-rating and Earnings CAGR

Key driver of market returns



GLOBAL SUPPORT TO DOMESTIC EARNINGS

BSE 500 (ex-Nifty) Composition of PAT (% share)



Source: Bloomberg, NIMF Research

~49% of BSE 500 (ex- Nifty) earnings come from Exports + Commodities

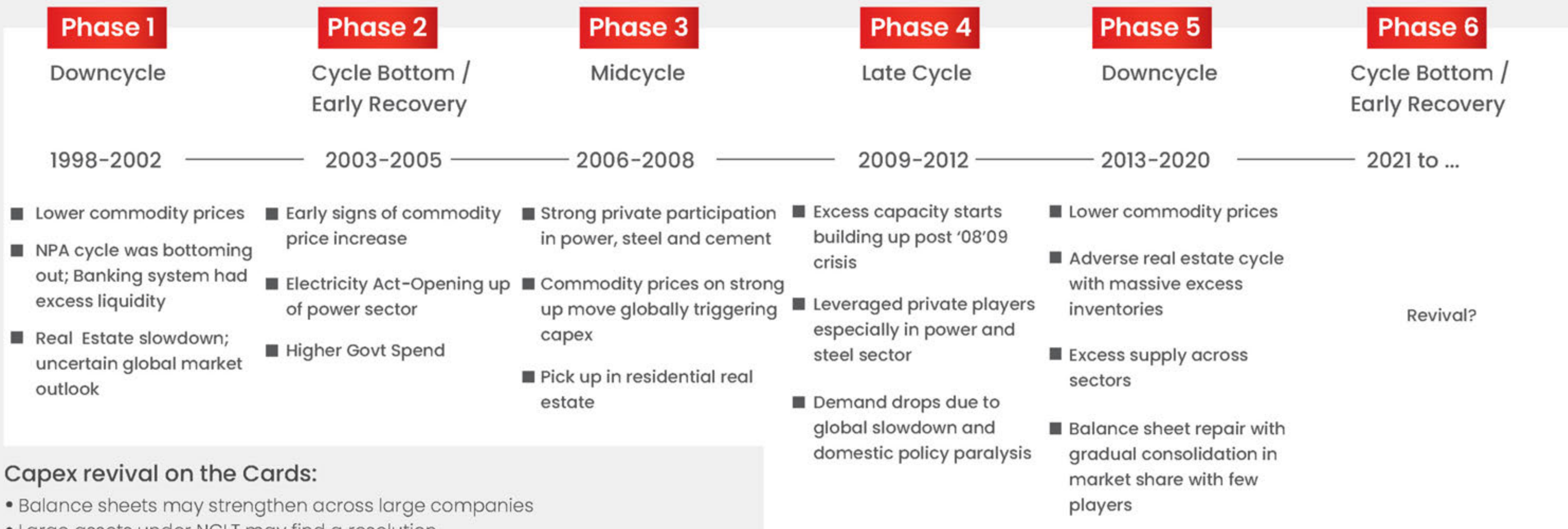


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CURRENT ENVIRONMENT CONDUCTIVE FOR CAPEX CYCLE PICK-UP

20 YEAR SNAPSHOT OF INDIAN CAPEX CYCLE



Capex revival on the Cards:

- Balance sheets may strengthen across large companies
- Large assets under NCLT may find a resolution
- Corporate NPA cycle may see a decline

Rs 2 tn savings from Corporate tax rate cuts and lower interest rates since FY19
PLI may generate capex to the tune of ~Rs 1.4 tn over the next 2- 3 years

Source: Spark Capital Research, NIMF Research

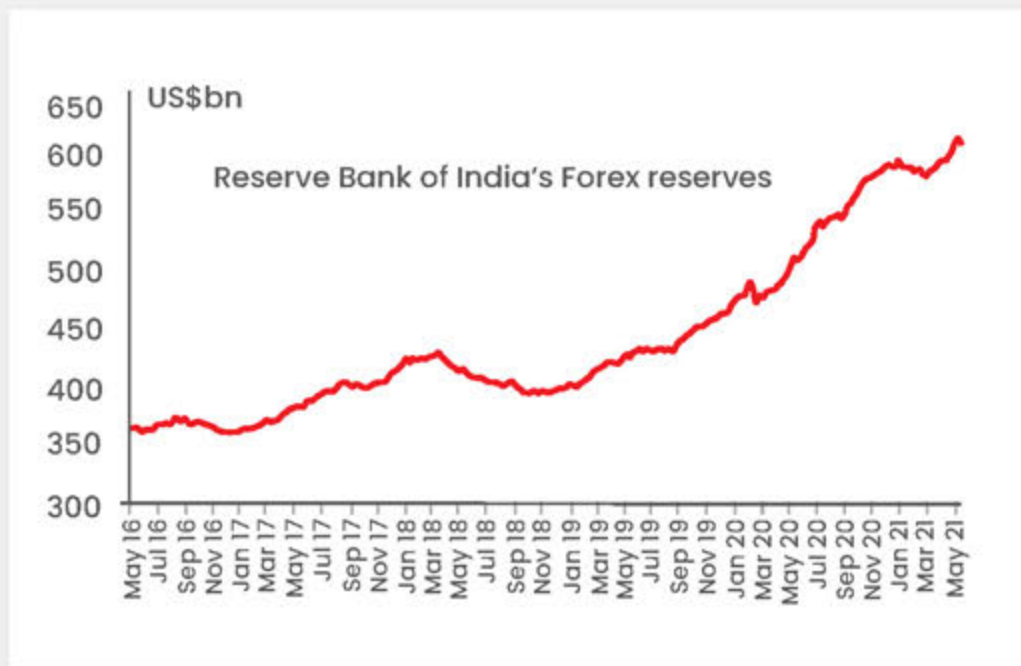


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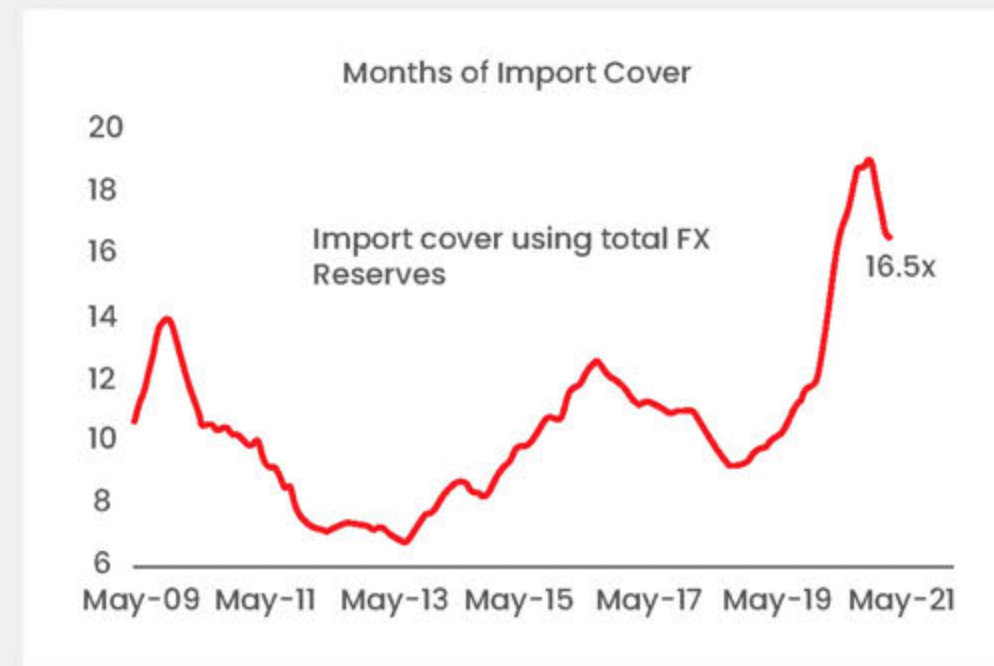
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HIGH FOREX RESERVES



Source: RBI, CLSA



Source: Morgan Stanley Research

At \$600bn+ RBI's forex reserves are at an all time high
High reserves provide cushion against unexpected global risks

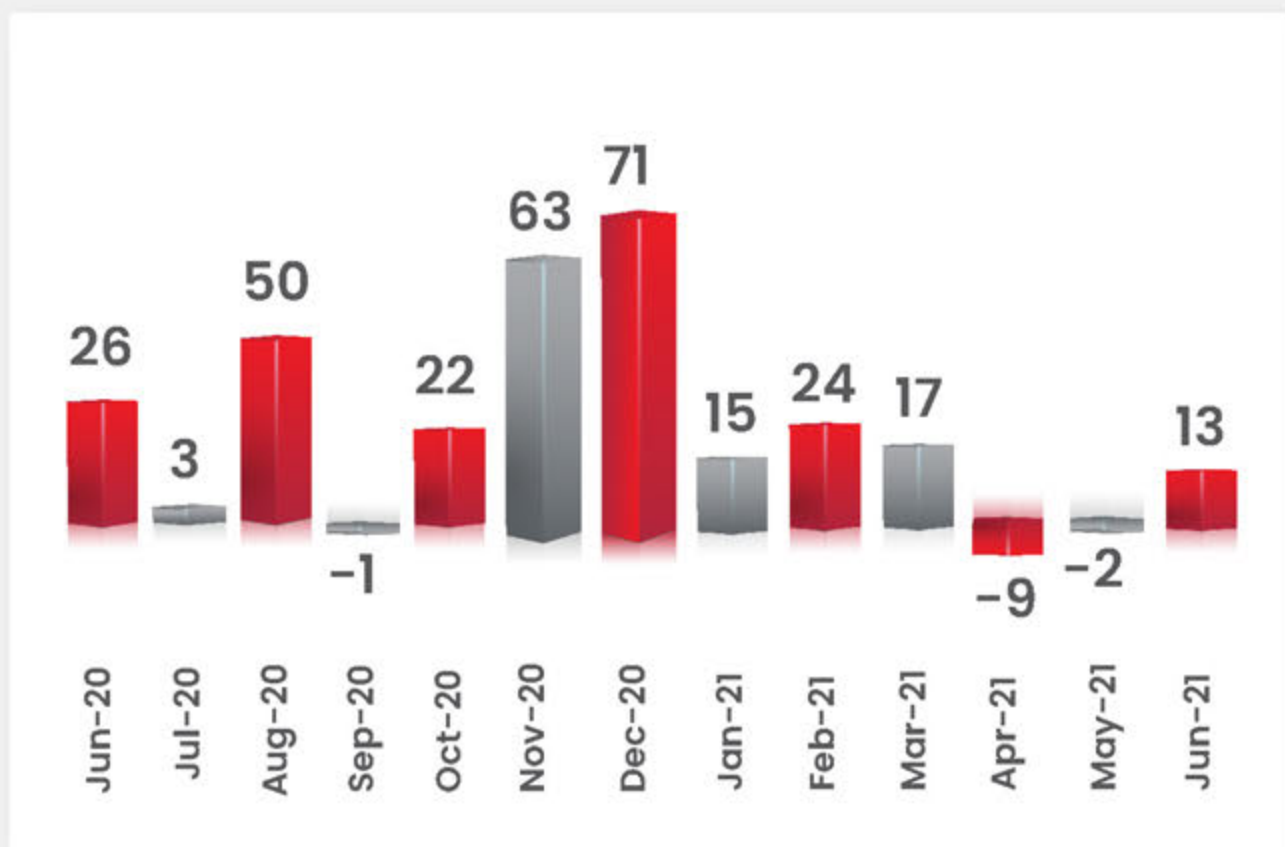


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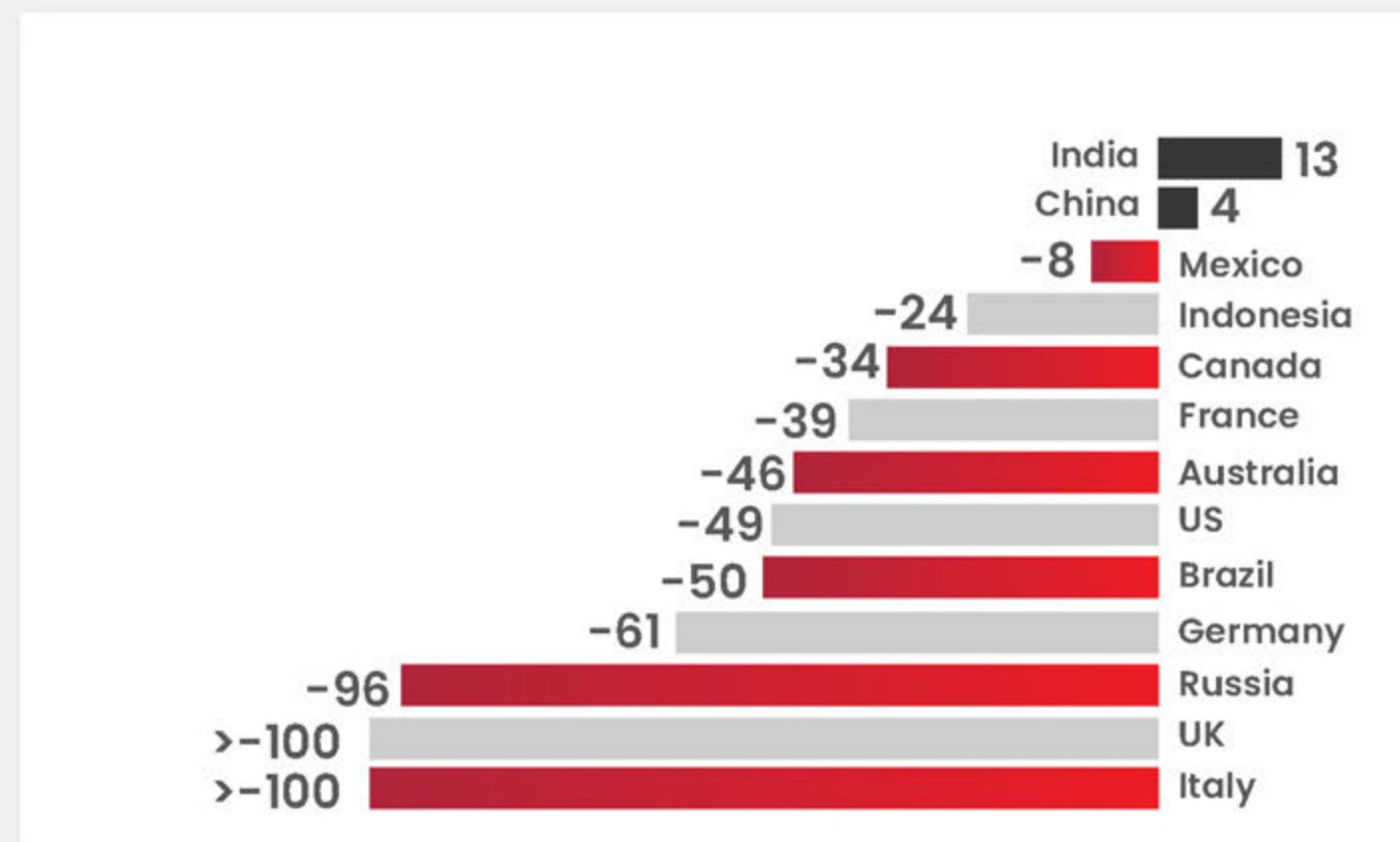
ROBUST FPI AND FDI FLOWS...

FPI Net Investments (INR '000 crs)



Source: NSDL

% change in FDI inflows in 2020



Source: UNCTAD

Robust FPI flows may be positive for Equity Markets
As global FDI flows contracted, flows to India grew faster than China in 2020



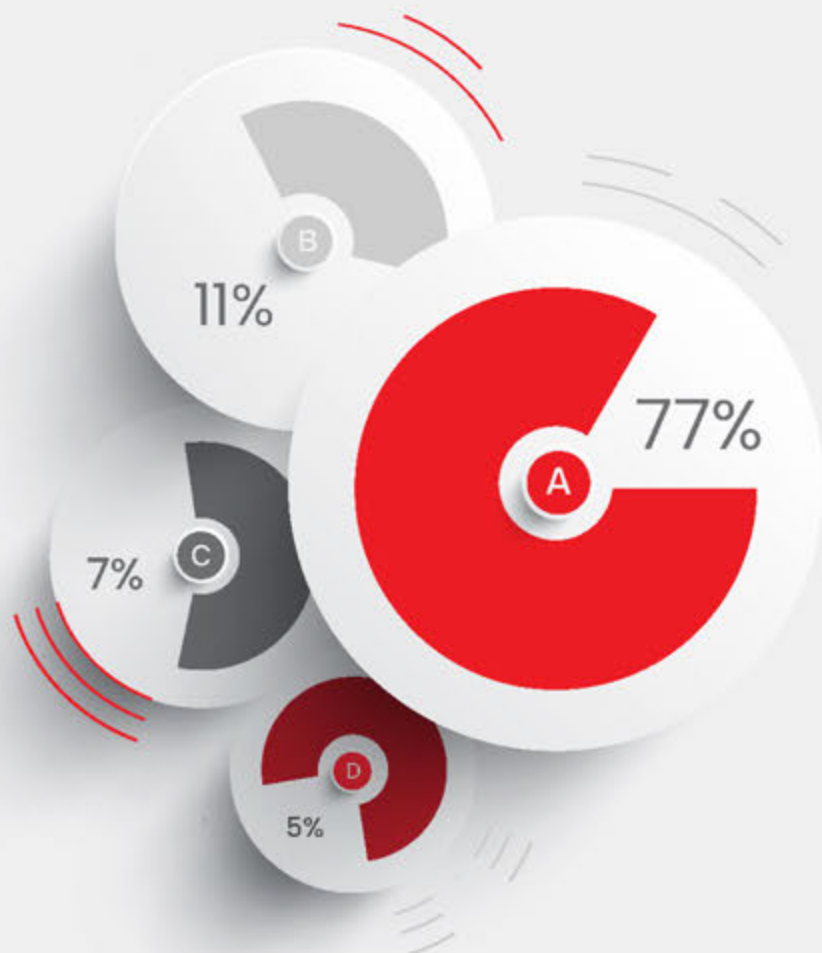
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INDIAN HOUSEHOLD BALANCE SHEET ROBUST...

Indian Household's Holdings (%)



India average household's asset composition

- Real estate
- Gold
- Other durable goods
- Financial assets

Source: NCAER report "The Indian Household Finance Landscape", Edelweiss research

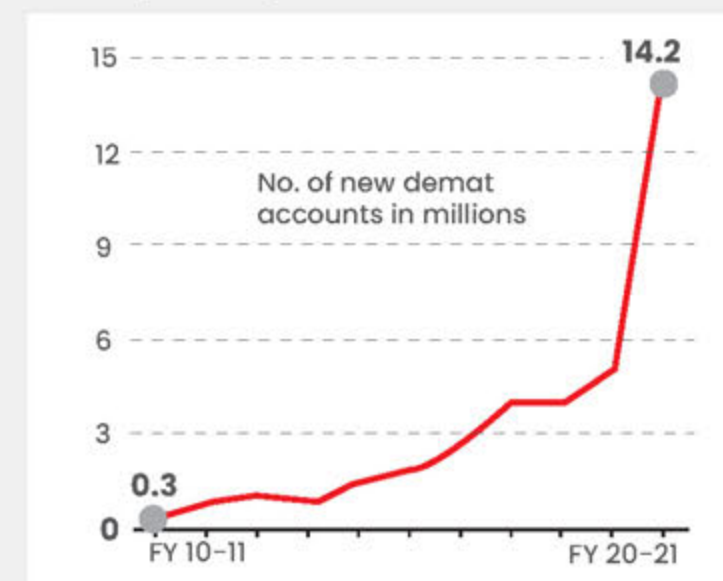
Indian Households roughly own ~Rs 400-700 lakh cr assets vs formal borrowing of Rs 30-40 lakh cr

Excess savings will be the key demand driver

#: Banks' CASA jumped by Rs. 10.2tn in a year when India's economy contracted

System (Rs. tn)	Mar-19	Mar-20	Mar-21
Current Account (CA)	11.9	12.7	15.4
-Incremental CA	1.1	0.8	2.7
Saving Account (SA)	41.1	45.2	52.7
-Incremental SA	3.5	4.0	7.5
CASA Deposits	53.0	57.8	68.0
-Incremental CASA	4.6	4.8	10.2

Source: GOI, Spark Capital Research



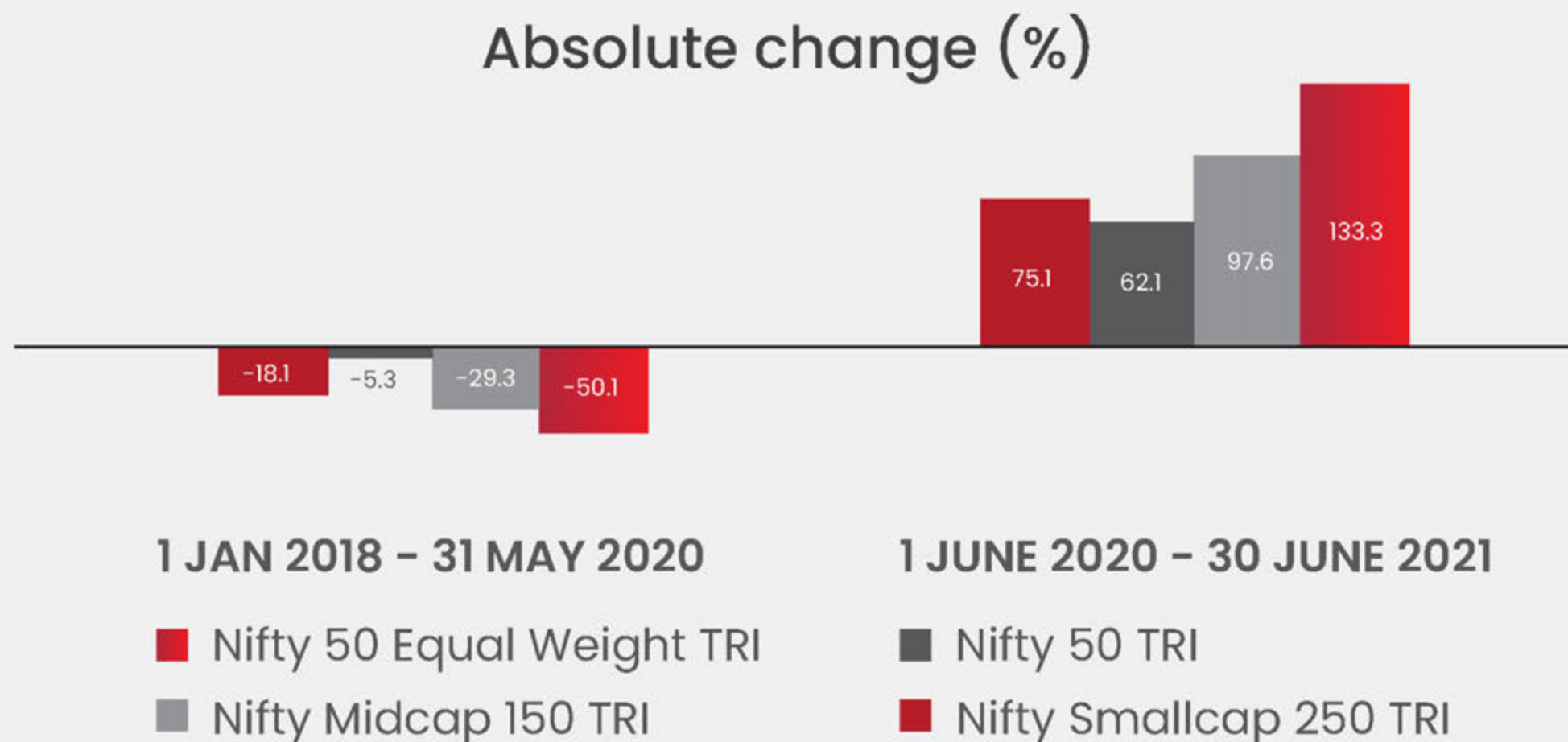
Source: SEBI, NSDL, CDSL, Mint



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CURRENT MARKET CONTEXT PRESENTS A CASE FOR BROAD BASED RECOVERY



Source: MFI Explorer. Past performance may or may not be sustained in future.

Broad based recovery in the markets after a phase of polarization creates an opportunity for investment in Flexi Cap Funds

Presenting

Nippon India Flexi Cap Fund

(An open ended dynamic equity scheme investing
across large cap, mid cap, small cap stocks)



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POSITIONING

SCHEME NAME	MINIMUM ALLOCATION (%)		
	Large Cap	Mid Cap	Small Cap
Nippon India Large Cap Fund	80%	–	–
Nippon India Growth Fund	–	65%	–
Nippon India Small Cap Fund	–	–	65%
Nippon India Vision Fund	35%	35%	–
Nippon India Multi Cap Fund	25%	25%	25%
Nippon India Flexi Cap Fund	———— Go anywhere approach ————		

Note: The above mentioned minimum market cap allocation is in line with SIDs of respective schemes



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OUR STRATEGY TO NAVIGATE AND BENEFIT FROM EQUITY SHIFTS



01

Flexibility to invest across market caps
can help capture changing market trends



02

Assess **Fundamental, Macro & Sentiment Factor** to decide market cap allocation



03

Global cues are important
all traded markets are connected, hence price performance is often related



04

Prudent Risk Management
measures with an attempt to create Optimal Risk/Return Profile



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INVESTMENT STRATEGY

Allocation across large, mid and small caps based on market view and relative attractiveness



Large Caps

- Reasonable allocations to established leaders
- Deviation from benchmark will be capped at 50%*
- Lower deviation in Mega Caps
- Active Divergence within the rest of Large Cap basket



Mid and Small Caps

- Attempt to create Alpha through bottom up stock selection and appropriate allocation to potentially high growth themes
- Focus on Core Growth + New Age Businesses

Well diversified portfolio across stocks and sectors

*Eg: if Large Caps weight in the benchmark is 80%, min allocation to Large Caps will be 40% (80*50%)



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INVESTMENT FRAMEWORK



Note: 1) Active share is the percentage of fund holdings that is different from the benchmark holdings. 2) Based on Internal assessment of Business Risk, stocks have been classified under four rating buckets: A,B,C,D with A being the best and D being the worst. While it may appear all the investments should be concentrated in the A or B bucket, the stocks may not be reasonably priced. At the same time, stocks rated C or D may offer opportunities at reasonable valuations.



CURRENT FOCUS THEMES & STRATEGY-LARGE CAPS



Note: The sectors mentioned are not a recommendation to buy/sell in the said sectors. The scheme may or may not have future position in the said sectors.



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CURRENT FOCUS THEMES & STRATEGY – MID AND SMALL CAPS



Recovery in services/ outdoor consumption –

retailing, multiplexes,
beverages, travel



Domestic economic recovery themes having more value vs large caps –

cement, real estate,
general insurance etc.



New business models which thrive on disruption –

E-commerce, fintech,
aggregators



Niche Segments which are not Large Caps –

consumer durables,
hotels, apparel etc.



China plus One/ Import Substitution –

Chemicals, Pharma API,
Electronic Manufacturing



Tilt towards higher quality cos

Note: The sectors mentioned are not a recommendation to buy/sell in the said sectors. The scheme may or may not have future position in the said sectors.



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NIMF RESEARCH CAPABILITIES

27

Strength of Equity Investment Team
(One of the largest on the buy side)

400

Cumulative experience (in Man years) of
Equity Investment Team in Indian Markets

550

No. of stocks in the Investment
Universe

4

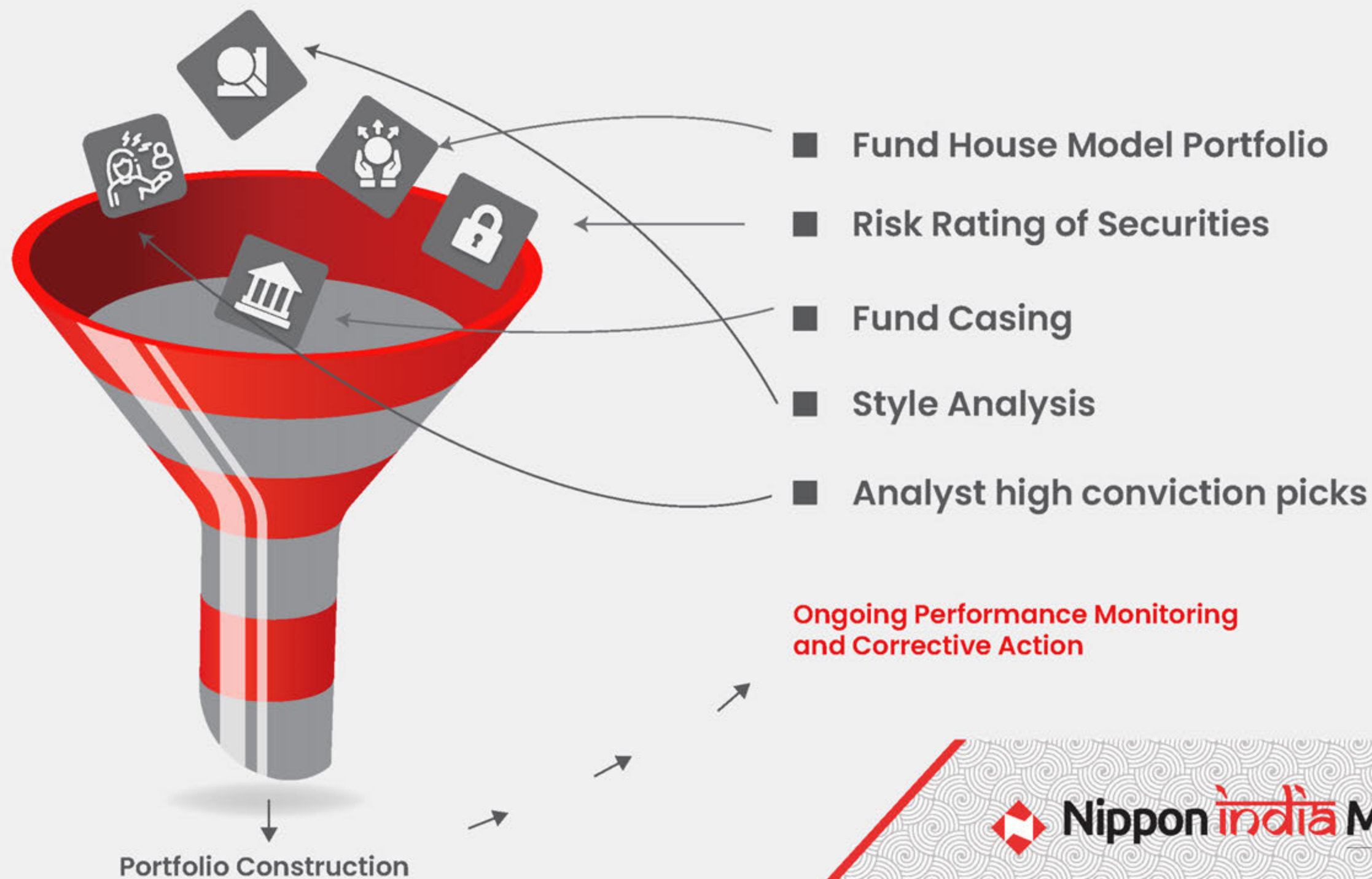
Strength of dedicated small cap
research team



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ROBUST INVESTMENT PROCESS



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SUMMARY

Optimistic Outlook on Key Market drivers



Nippon India Flexi Cap Fund is well positioned to increase allocation to Large Caps during times of uncertainty and at the same time benefit from growth potential of mid and small caps during market uptrends



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OTHER SCHEME DETAILS

Fund Managers	Manish Gunwani; Dhrumil Shah Varun Goenka & Nikhil Rungta (Co-Fund Manager), Kinjal Desai (Dedicated Fund Manager for Overseas Investments)
Benchmark	NIFTY 500 TRI
Exit Load	<p>10% of the units allotted shall be redeemed without any exit load, on or before completion of 12 months from the date of allotment of units. Any redemption in excess of such limit in the first 12 months from the date of allotment shall be subject to the following exit load.</p> <p>Redemption of units would be done on First in First out Basis (FIFO):</p> <ul style="list-style-type: none">• 1% if redeemed or switched out on or before completion of 12 months from the date of allotment of units.• Nil, thereafter
Minimum application amount	Rs. 500 & in multiples of Re. 1 thereafter
Plans and Options	Growth Plan (Growth Option), Income Distribution cum capital withdrawal Plan (Payout Option and Reinvestment Option)



PRODUCT LABEL – NIPPON INDIA FLEXI CAP FUND

Nippon India Flexi Cap Fund

(An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)

This product is suitable for investors who are seeking*:

- Long term capital growth
- Investment in equity and equity related securities

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



Investors understand that their principal will be at Very High risk

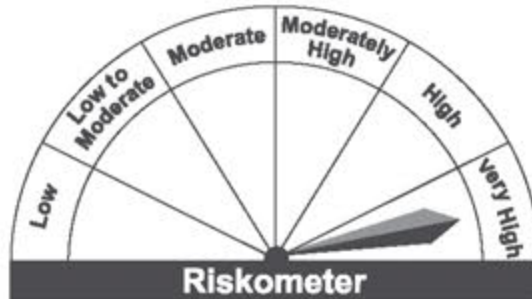


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PRODUCT LABEL – OTHER SCHEMES

PRODUCT LABEL		
Name Of Schemes	This product is suitable for investors who are seeking*	
Nippon India Large Cap Fund An open ended equity scheme predominantly investing in large cap stocks	<ul style="list-style-type: none">• Long term capital growth• Investment predominantly equity and equity related instruments of large cap companies	 <p>Riskometer</p> <p>Investors understand that their principal will be at Very High risk</p>
Nippon India Growth Fund Mid Cap Fund- An open ended equity scheme predominantly investing in mid cap stocks	<ul style="list-style-type: none">• Long term capital growth• Investment in equity and equity related instruments through a research based approach	
Nippon India Small Cap Fund An open ended equity scheme predominantly investing in small cap stocks	<ul style="list-style-type: none">• Long term capital growth• Investment in equity and equity related securities of samll cap companies	
Nippon India Vision Fund An open ended equity scheme investing in both large cap and mid cap stocks	<ul style="list-style-type: none">• Long term capital growth• Investment in equity and equity related instruments of large cap & mid cap companies through a research based approach	
Nippon India Multi Cap Fund Multi Cap Fund-An open ended equity scheme investing across large cap, mid cap, small cap stocks	<ul style="list-style-type: none">• Long term capital growth• Investment in equity and equity related securities	
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		



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



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Thank you!

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