

Nippon India Consumption Fund

(An open ended equity scheme following consumption theme)

This product is suitable for investors who are seeking*

- Long term capital growth.
- Investment predominantly in equity, equity related securities of companies that are likely to benefit directly or indirectly from domestic consumption led demand.

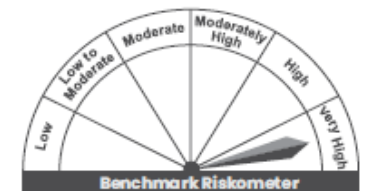
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Nippon India Consumption Fund



Investors understand that their principal will be at Very High risk

Nifty India Consumption TRI



Benchmark Riskometer is at Very High risk

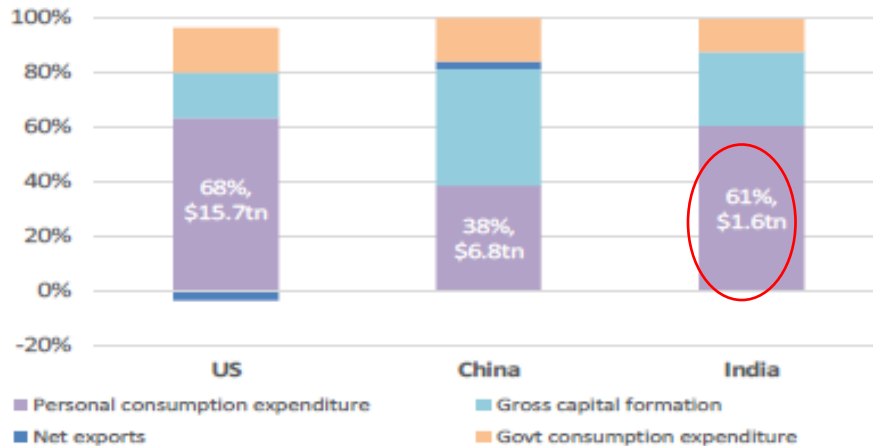
Good gets *better*

India Consumption Opportunity

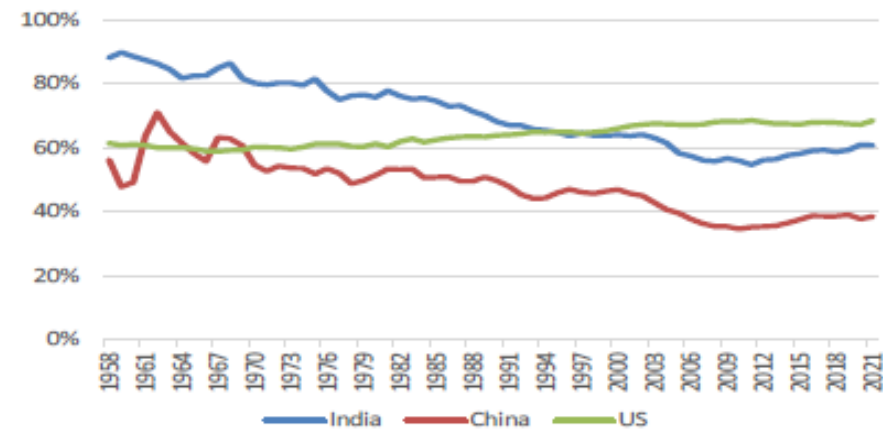
India's Consumption Opportunity

Consumption share of GDP

India's consumption share of GDP



Consumption share of GDP

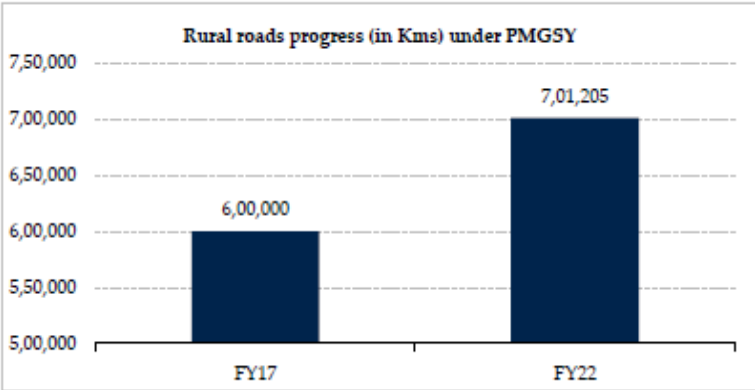


Source : Morgan Stanley India consumer foundation report dt 19-07-2022

Note: The above data should not be construed as a promise, guarantee on or a forecast of any minimum returns and should not in any way construed to returns of any of Nippon India Mutual Fund Scheme, Past performance may or may not be sustained in future

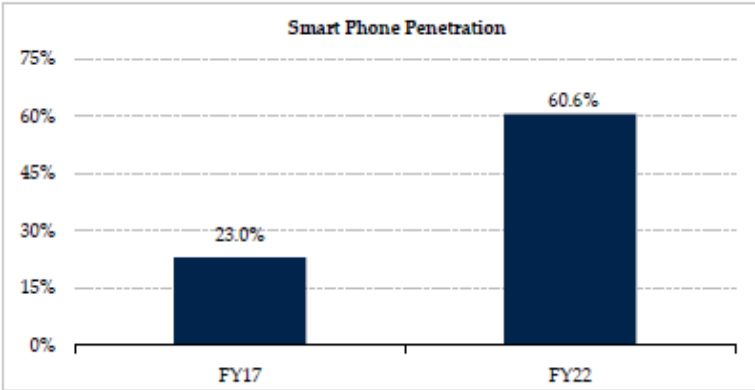
India Consumption drivers last few years

Rural Roads increase penetration of goods & services



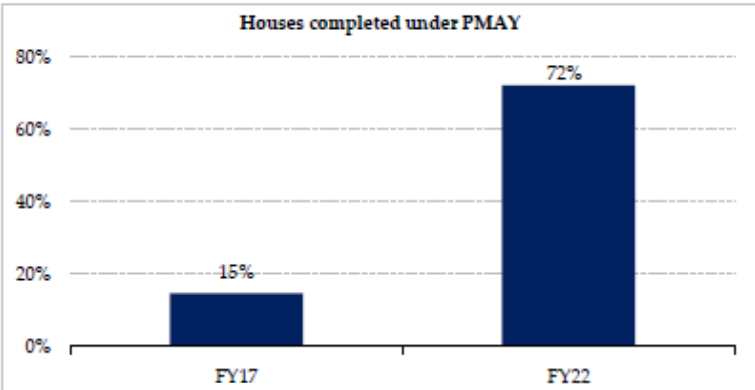
Source: PMGSY, DAM Capital Research

Smart Phone Penetration accelerate employability



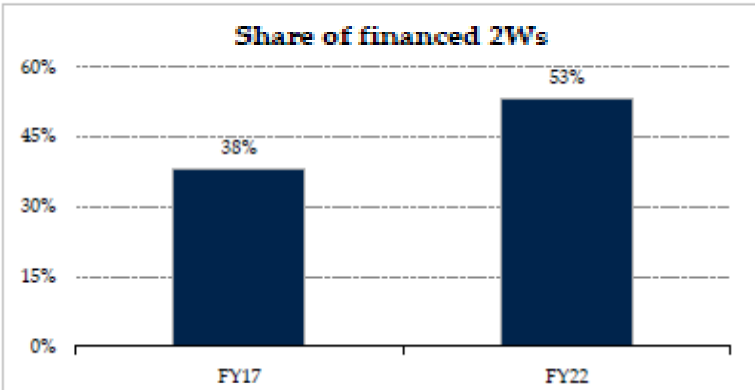
Source: Company, DAM Capital Research

Rural Housing penetration buoys consumer durable purchases



Source: PMAY-G, DAM Capital Research

Consumer leverage



Source: Company (Hero Moto Corp), DAM Capital Research

- PMGSY – Pradhan Mantri Gram Sadak Yojana PMAY – Pradhan Mantri Awas Yojana

Note: This information is meant for general reading purposes only and should not be construed as an investment advice or direct or indirect solicitation for the scheme or the performance

Much more than just FMCG(Fast Moving Consumer Goods)

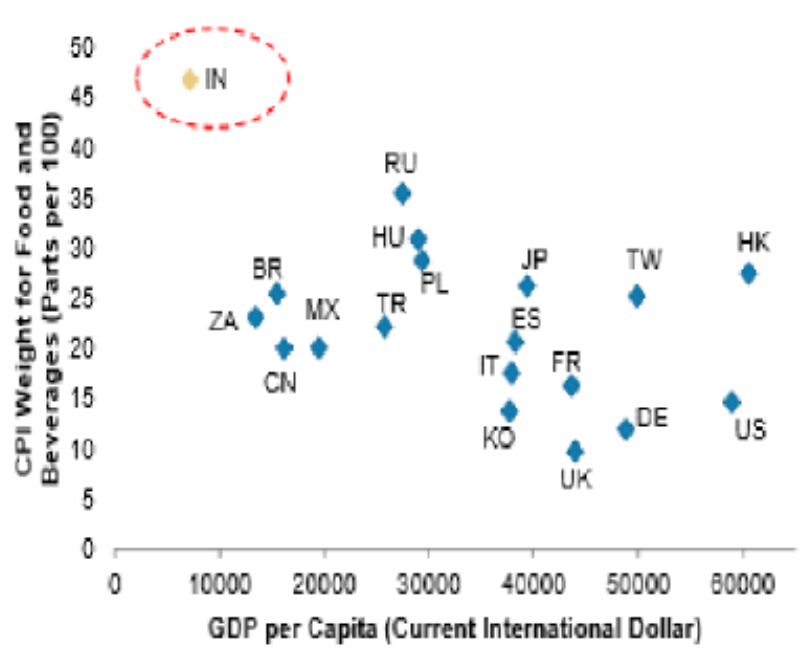
- High growth segments within broader consumption universe –
 - Quick Service Restaurants, Food Delivery players
 - Apparel / Footwear / Jewelry Retailers, e-commerce, digital media
 - Home Improvement / Renovation products like paints, tiles, electrical goods
 - Retail financial services like insurance, asset management, broking, depositories
 - Payments, Credit cards
 - Travel and tourism
 - Healthcare services like hospitals, diagnostic labs
 - Automobiles and auto parts.
- Many of these segments were either nascent or not well-represented on stock exchanges till some years back.
- Key drivers – Penetration, Formalization, Digitization, Aspirations

Note:

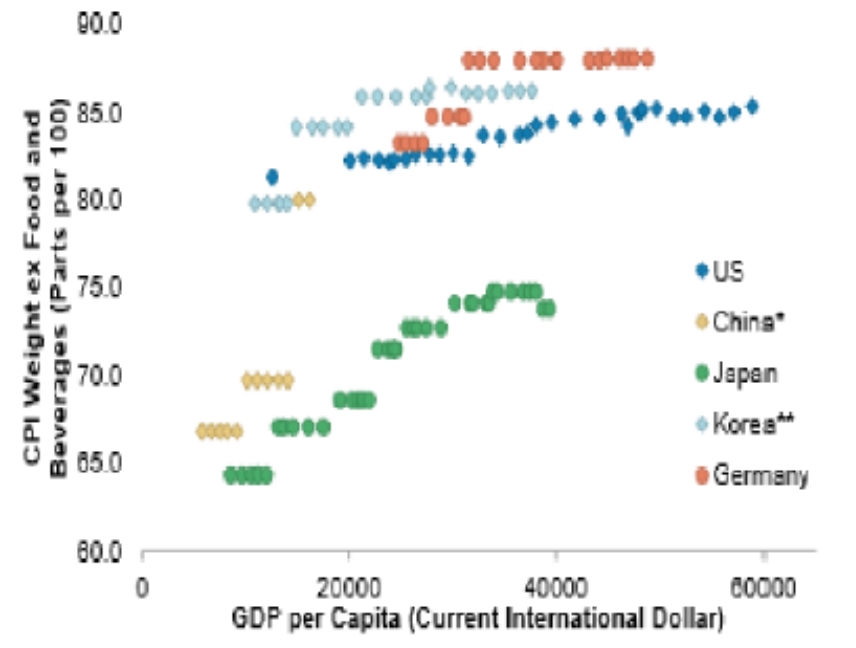
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- The sectors mentioned is not a recommendation to buy/sell in the said sectors. The scheme currently holding investments in the said sectors may or may not have future position in the same. Please read Scheme Information Document carefully for more details and risk factors.

Necessities dominate consumption at lower income

Households in India use almost 50% of their expenditure on food



Rising per capita incomes indicate shifting consumption patterns away from food



Source : Morgan Stanley India consumer foundation report dt 19-07-2022

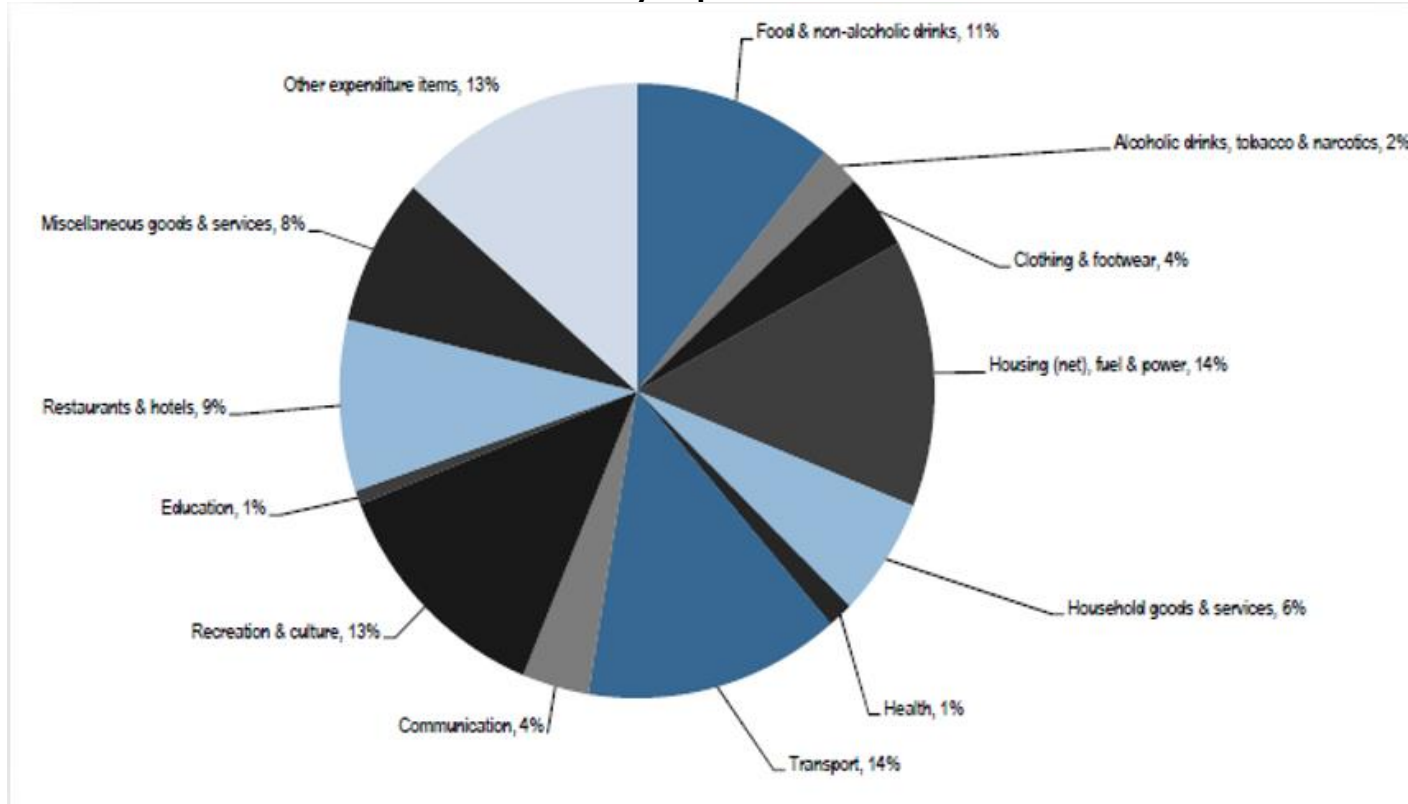
- Hierarchy of needs
- Investments in infrastructure, education, quality of life

IN: India; RU: Russia; JP: Japan; FR: France; US: United States; UK: United Kingdom; IT: Italy; BR: Brazil; MX: Mexico; TW: Taiwan; HK: Hong Kong;

Note: The IN, ZA, South Africa; CN: China; TR: Turkey; HU: Hungary; KR: Korea; ES: Spain; DE: Germany expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers

Consumption shifts as Income Rises

Illustration of consumption pattern of a high-income country, UK (2020) – Preference for discretionary spends as Income level rises



Source : JPMorgan Europe Equity Research, General Retail July 22 Chartbook dt 13-07-2022

Note: At FY 20 prices

Source: Office for National Statistics (ONS)

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Inflection points differ

Figure 12: Consumer product categories—typical growth stages
Future growth potential at various levels of GDP per capita

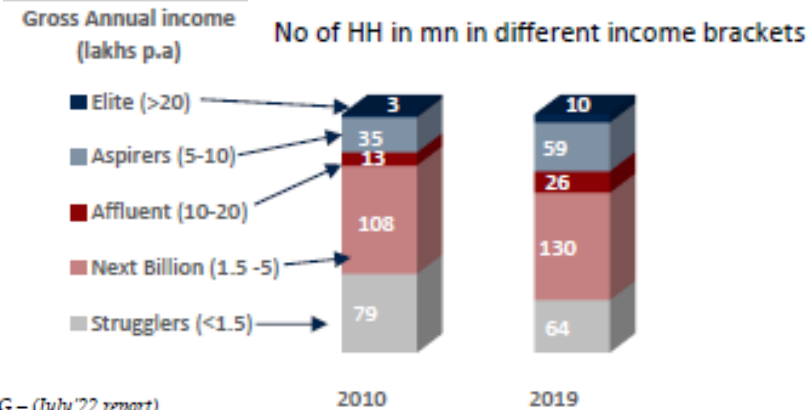
	High	Medium	Low
Below \$2,000	Cereals Two Wheelers	Stimulants Apparel Meat	Beverages Appliances Health Care Education Consumer Credit Cars PC/Laptops Beauty Products Tourism/Travel
\$2,000-\$5,000	Meat Apparel Stimulants	Beverages Appliances Cars Two Wheelers Cereals PC/Laptops Beauty Products Education	Health Care Consumer Credit Tourism/Travel
\$5,000-\$10,000	Beverages Cars Appliances PC/Laptops Beauty Products Education	Meat Apparel Health Care Consumer Credit Tourism/Travel Stimulants	Cereals Two Wheelers
\$10,000-\$20,000	Education Healthcare Consumer Credit Beauty Products Tourism/Travel	Cars PC/Laptops Beverages	Cereals Two Wheelers Appliances Meat Apparel Stimulants

Source: Credit Suisse estimates

Source : APAC Consumption S Curve
by Credit Suisse 06-08-2012

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India Income wise household profile indicates likely growth in higher income classes



Source: BCG – (July '22 report)

As observed in Developed Countries that as the per capita income increases like especially over \$2000 like in case of India there is marked shift from basic needs to Lifestyle & Aspirational spending.

Key trends in consumption

Trends

- Faster growth of higher income segments
- Faster adoption of trends – due to internet, social media
- Rising share of youth in population
- Credit – Attitudes towards credit for consumption more open
- Rising share of women in working population
- Consolidation / formalization of channels – Negative for weaker brands.
- Possibly high inflation for longer period

Implications

- Discretionary spend may grow faster than staples
- Distribution alone cannot be source of success
- Sharper differentiation, communication
- Share migration from weaker brands to stronger brands
- Volatility in discretionary spending should be lower than in past
- 'Out of home' spending may grow faster

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Rationale for Consumption Theme

- Private consumption – 60% of India's GDP
- Investment growth not at the cost of Consumption growth, rather improving visibility to latter through job creation and income growth
- Discretionary consumption growth may accelerate with GDP per Capita
- Large, well-diversified universe of businesses listed on stock exchanges
- Catering to different income levels and needs of consumers
- Consumption segment potentially offers:
 - Relatively higher – Stability, pricing power & valuations.
 - Relatively lower – Capital needs, regulatory interference, volatility.

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Data as on 31st Dec 2022

Nippon India Consumption Fund – Positioning & Strategy

Investment Framework

Portfolio Construction philosophy

- Prefer steady compounders / penetration themes; open to tactical mispricing ideas also.
- Diversified portfolio. Tends to balance between growth and stability attributes of sub-segments
- Market cap agnostic for stock selection. Overall portfolio large Cap ~40%-70%
- Selective other ideas max 20% - industry leaders with strong balance sheet.
- Maximum cash position 10% of the portfolio.
- Exits – Hypothesis proven inaccurate, significant valuation overshoot, change in circumstances.

Stock Selection preferences

- Top 3 position in the industry or relevant segments
- Healthy operating cash flows generation ability at high growth rates
- Avoid – Debt-heavy categories with weak role of brands, capital allocation mishaps.

Note: The current fund strategy may change in future depending on market conditions or fund manager's views.

Current Valuations and NICF portfolio approach

Approach to valuations

- Growth potential & quality of business are more critical criteria for stock selection & sizing – ahead of valuations.
- Gap in relative multiples Vs gap in fundamentals
- Absolute market cap helps to provide sanity check
- Diversification across sectors / businesses at different life-stages

Present Valuations

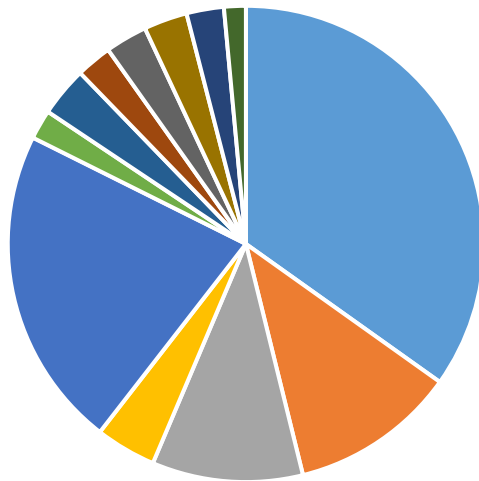
- Consumer segment has enjoyed premium over rest of the market.
- Premium relatively higher in the last 5 years compared to historical averages though down from peak.
- Scenarios of risk to relative multiples – 1) Upswing in cyclical / leveraged sectors, 2) sharp rise in interest rates.

NICF: Nippon India Consumption Fund

Note: The current fund philosophy may change in future depending on market conditions or fund manager's views.

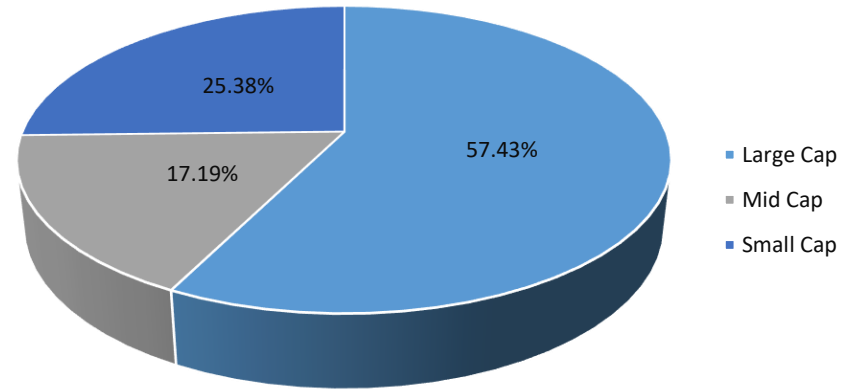
Current Positioning

SECTORAL ALLOCATION



- FMCG/Food/Beverages
- Household Durables
- Auto Manufacturer
- Telecom
- QSR/Retail
- Hotels
- Media & Entertainment
- Airlines
- Building Material
- Other Tech

MCap Breakup (as of June'23)



- Large Cap
- Mid Cap
- Small Cap

Sectoral Allocation	Portfolio Weight (%)
FMCG/Food/Beverages	33.0
Household Durables	10.7
Auto Manufacturer	9.7
Telecom	3.9
QSR/Retail	20.7
Hotels	1.9
Media & Entertainment	3.2
Airlines	2.3
Building Material	2.7
Other Tech	2.8
Insurance	2.4
Private Banks	1.4

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The sectors mentioned in the table is not a recommendation to buy/sell in the said sectors. The scheme currently holding investments in the said sectors may or may not have future position in the same. The stocks mentioned form a part of the portfolio of the scheme and may or may not form a part of the portfolio in future. Please read Scheme Information Document carefully for more details and risk factors.

Data as on 31st July 2023

Top Holdings as of July 31, 2023

Top 10 Holdings	Weightage
Mahindra & Mahindra Limited	3.03%
ITC Limited	7.23%
Hindustan Unilever Limited	4.92%
PVR INOX Limited	3.16%
Jyothy Labs Limited	3.37%
Westlife Foodworld Limited	4.19%
Sapphire Foods India Limited	3.68%
Godrej Consumer Products Limited	3.99%
Avenue Supermarts Limited	4.36%
Bharti Airtel Limited	3.89%

Top 10 Sectors	Weightage
Consumer Durables	15.74%
Retailing	13.68%
Diversified FMCG	12.16%
Automobiles	9.77%
Leisure Services	9.74%
Beverages	5.39%
Personal Products	3.99%
Telecom - Services	3.89%
Household Products	3.37%
Entertainment	3.16%

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Scheme Performance

NAV as on July 31, 2023: ₹145.7842

Particulars	CAGR %			
	1 Year	3 Years	5 Years	Since Inception
Nippon India Consumption Fund	20.14	28.65	18.02	15.28
B:Nifty India Consumption TRI	12.70	20.78	11.14	NA
AB:S&P BSE Sensex TRI	16.93	22.38	13.42	15.61
Value of ₹10000 Invested				
Nippon India Consumption Fund	12,026	21,293	22,909	145,784
B:Nifty India Consumption TRI	11,277	17,619	16,961	NA
AB:S&P BSE Sensex TRI	11,703	18,329	18,773	153,965
Inception Date : Sep 30, 2004				
Fund Manager : Amar Kalkundrikar (Since Oct 2020)				

Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan). NA has been mentioned as the benchmark data for corresponding period is not available

Source : MFI Explorer, As on July 31, 2023

B: Benchmark, **AB:** Additional Benchmark, **TRI:** Total Return Index

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment. Performance of the schemes (wherever provided) are calculated basis CAGR for the past 1 year, 3 years, 5 years and since inception. In case, the start/end date of the concerned period is non-business day (NBD), the NAV of the previous date is considered for computation of returns. TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks, thereby showing a true picture of returns.

Performance of other funds managed by the Fund Manager

Scheme Name/s	CAGR %					
	1 Year Return		3 Years Return		5 Years Return	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Nippon India Vision Fund	20.37	20.49	26.55	28.53	12.82	14.85
Nippon India Balanced Advantage Fund	11.29	11.99	14.51	14.14	9.45	11.06

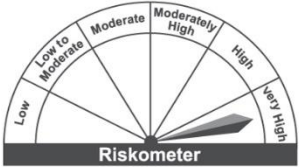
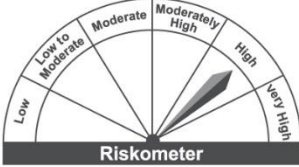
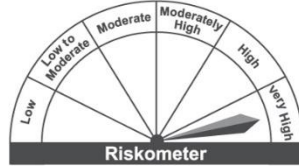
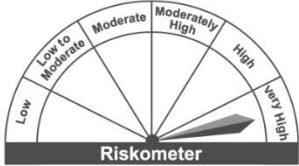
Note:

- Amar Kalkundrikar manages 3 open-ended schemes of Nippon India Mutual Fund.
- In case the number of schemes managed by a fund manager is more than six, performance data of other schemes, the top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan).

Source : MFI Explorer, As on July 31, 2023

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Product Labels

Nippon India Balanced Advantage Fund (An open ended dynamic asset allocation fund)	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term capital growth • Investment in equity & equity related instruments, debt, money market instruments and derivatives <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Nippon India Balanced Advantage Fund</p>  <p>Riskometer</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>CRISIL Hybrid 50+50 - Moderate Index</p>  <p>Riskometer</p> <p>Benchmark Riskometer is at High risk</p>
Nippon India Vision Fund (An open ended equity scheme investing in both large cap and mid cap stocks)	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <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 <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Nippon India Vision Fund</p>  <p>Riskometer</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Nifty LargeMidcap 250 TRI</p>  <p>Riskometer</p> <p>Benchmark Riskometer is at Very High risk</p>

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

Thank you for your time!

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