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

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

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

2009 - 13

Large Cap: 131%
Mid Cap: 150%
Small Cap: 112%

2014 - 17

Large Cap: 194%
Mid Cap: 203%
Small Cap: 86%

2018 - 20

Large Cap: 34%
Mid Cap: 11%
Small Cap: -14%

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.
EXPOSURE ACROSS MARKET CAPS = BETTER INVESTMENT EXPERIENCE

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

Blended portfolio (50% large cap + 50% mid and small cap)
- Average: 12.6%
- Std. Deviation: 8.6%

Large Cap
- Average: 11.9%
- Std. Deviation: 6.0%

Mid Cap
- Average: 14.9%
- Std. Deviation: 10.8%

Small Cap
- Average: 11.2%
- Std. Deviation: 13.4%

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

Nippon India Mutual Fund
Wealth sets you free
CURRENT MARKET CONDITIONS SEEM TO BE FAVORABLE FOR FLEXI CAP STRATEGY !!
AMPLE LIQUIDITY AND LOWER INTEREST RATES GLOBALLY...

G4 Central Bank Balance Sheet (USD tn) Dec-22

$28 trillion

$13 trillion
29% of GDP

Change in B/S
$2.4 trillion
7% of GDP

Fed rate moves

Credit market turmoil
50 basis pt discount rate cut

Stock market drop
75 basis pt fed funds rate cut

Global central bank action
50 basis pt fed funds rate cut

Coronavirus outbreak

March 3, 2020
50 basis pt fed funds cut

March 15, 2020
100 basis pt fed funds rate cut

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
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
STRONG EARNINGS GROWTH...

Total return breakdown for Nifty

Dividend CAGR (%) | Valuation re-rating (%) | Earning CAGR % | Total Return CAGR (%)
---|---|---|---
Jun 06–Jun 11:
14.1
1.4
4.8
7.4
Jun 11–Jun 16:
9.6
1.5
3.7
4.1
Jun 16–Jun 21:
15.2
1.4
12.2
1.3

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
CURRENT ENVIRONMENT CONducIVE FOR CAPEX CYCLE PICK-UP

20 YEAR SNAPSHOT OF INDIAN CAPEX CYCLE

Phase 1: Downcycle
1998–2002
- Lower commodity prices
- NPA cycle was bottoming out; Banking system had excess liquidity
- Real Estate slowdown; uncertain global market outlook
- Higher Govt Spend

Phase 2: Cycle Bottom / Early Recovery
2003–2005
- Early signs of commodity price increase
- Electricity Act—Opening up of power sector

Phase 3: Midcycle
2006–2008
- Strong private participation in power, steel and cement
- Commodity prices on strong up move globally triggering capex
- Pick up in residential real estate

Phase 4: Late Cycle
2009–2012
- Excess capacity starts building up post ‘08’09 crisis
- Leveraged private players especially in power and steel sector
- Demand drops due to global slowdown and domestic policy paralysis

Phase 5: Downcycle
2013–2020
- Lower commodity prices
- Adverse real estate cycle with massive excess inventories
- Excess supply across sectors

Phase 6: Cycle Bottom / Early Recovery
2021 to ...
- Revival?

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
HIGH FOREX RESERVES

At $600bn+ RBI’s forex reserves are at an all time high
High reserves provide cushion against unexpected global risks
Robust FPI flows may be positive for Equity Markets
As global FDI flows contracted, flows to India grew faster than China in 2020
Indian Household’s Holdings (%)

- Real estate: 77%
- Gold: 11%
- Other durable goods: 7%
- Financial assets: 5%

India average household’s asset composition

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

Source: SEBI, NSDL, CDSL, Mint
CURRENT MARKET CONTEXT PRESENTS A CASE FOR BROAD BASED RECOVERY

Absolute change (%)

1 JAN 2018 – 31 MAY 2020
- Nifty 50 Equal Weight TRI
- Nifty Midcap 150 TRI

1 JUNE 2020 – 30 JUNE 2021
- Nifty 50 TRI
- Nifty Smallcap 250 TRI

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)
## Positioning

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Minimum Allocation (%)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Large Cap</td>
</tr>
<tr>
<td>Nippon India Large Cap Fund</td>
<td>80%</td>
</tr>
<tr>
<td>Nippon India Growth Fund</td>
<td>-</td>
</tr>
<tr>
<td>Nippon India Small Cap Fund</td>
<td>-</td>
</tr>
<tr>
<td>Nippon India Vision Fund</td>
<td>35%</td>
</tr>
<tr>
<td>Nippon India Multi Cap Fund</td>
<td>25%</td>
</tr>
<tr>
<td>Nippon India Flexi Cap Fund</td>
<td>Go anywhere approach</td>
</tr>
</tbody>
</table>
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 as 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
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%)
INVESTMENT FRAMEWORK

**Market Cap**
For Large Caps, max deviation of 50% from the Benchmark

**Active Share**
50–70%

**Stock deviation**
Max deviation of 40% for each of the Top 5 stocks by weight in the Benchmark

**Stock Concentration**
Cumulative exposure of Max 45% in C and 5% in D rated stocks

**Sector deviation**
Financials Max deviation of 8%

**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

 Beneficiaries of consolidation due to technology and regulation - banks, telecom

 Tilt towards domestic economic recovery themes

 Value opportunities across various sectors - IT, cement, banks, pharma

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.
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.
- **Niche Segments which are not Large Caps** – consumer durables, hotels, apparel etc.
- **New business models which thrive on disruption** – E-commerce, fintech, aggregators
- **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.
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
ROBUST INVESTMENT PROCESS

- Fund House Model Portfolio
- Risk Rating of Securities
- Fund Casing
- Style Analysis
- Analyst high conviction picks

Portfolio Construction

Ongoing Performance Monitoring and Corrective Action

Nippon India Mutual Fund
Wealth sets you free
Optimistic Outlook on Key Market drivers

- Global economy expected to grow faster than estimated
- Business normalization on accelerated vaccination drive
- Lower interest rates / liquidity support to continue
- Earnings likely to improve as growth momentum picks up

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.
<table>
<thead>
<tr>
<th><strong>OTHER SCHEME DETAILS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Managers</strong></td>
</tr>
<tr>
<td>Manish Gunwani; Dhrumil Shah</td>
</tr>
<tr>
<td>Varun Goenka &amp; Nikhil Rungta (Co-Fund Manager), Kinjal Desai (Dedicated Fund Manager for Overseas Investments)</td>
</tr>
<tr>
<td><strong>Benchmark</strong></td>
</tr>
<tr>
<td>NIFTY 500 TRI</td>
</tr>
<tr>
<td><strong>Exit Load</strong></td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>Redemption of units would be done on First in First out Basis (FIFO):</td>
</tr>
<tr>
<td>• 1% if redeemed or switched out on or before completion of 12 months from the date of allotment of units.</td>
</tr>
<tr>
<td>• Nil, thereafter</td>
</tr>
<tr>
<td><strong>Minimum application amount</strong></td>
</tr>
<tr>
<td>Rs. 500 &amp; in multiples of Re. 1 thereafter</td>
</tr>
<tr>
<td><strong>Plans and Options</strong></td>
</tr>
<tr>
<td>Growth Plan (Growth Option), Income Distribution cum capital withdrawal Plan (Payout Option and Reinvestment Option)</td>
</tr>
</tbody>
</table>
**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.*
# PRODUCT LABEL – OTHER SCHEMES

<table>
<thead>
<tr>
<th>Name Of Schemes</th>
<th>This product is suitable for investors who are seeking*</th>
</tr>
</thead>
</table>
| **Nippon India Large Cap Fund** | - Long term capital growth  
- Investment predominantly equity and equity related instruments of large cap companies                             |
| An open ended equity scheme predominantly investing in large cap stocks |                                                                             |
| **Nippon India Growth Fund**    | - Long term capital growth  
- Investment in equity and equity related instruments through a research based approach                                |
| Mid Cap Fund- An open ended equity scheme predominantly investing in mid cap stocks |                                                                                 |
| **Nippon India Small Cap Fund** | - Long term capital growth  
- Investment in equity and equity related securities of small cap companies                                                 |
| An open ended equity scheme predominantly investing in small cap stocks |                                                                            |
| **Nippon India Vision Fund**    | - Long term capital growth  
- Investment in equity and equity related instruments of large cap & mid cap companies through a research based approach |
| An open ended equity scheme investing in both large cap and mid cap stocks |                                                                                     |
| **Nippon India Multi Cap Fund** | - Long term capital growth  
- Investment in equity and equity related securities                                                                     |
| Multi Cap Fund- An open ended equity scheme investing across large cap, mid cap, small cap stocks |                                                        |

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

![Riskometer](Image)

Investors understand that their principal will be at Very High risk.
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Thank you!