

Grow with
Taiwan!

Taiwan

Nippon India Taiwan Equity Fund

(An open ended equity scheme following Taiwan focused theme)

Thanks to its logistical and systemic advantages, Taiwan is among world leaders in science and technology. No wonder then that it has third-highest weight in the MSCI Emerging Markets Index and ranked 11th in IMD World Digital Competitiveness Ranking, 2022

Nippon India Taiwan Equity Fund is one of its kind diversification opportunity into this exciting market.



Leadership position in world Semiconductor industry



Strong science & technology infrastructure



Strong diversification opportunity

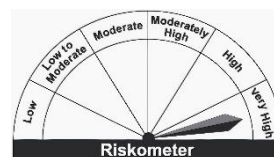
Contact your Mutual Fund Distributor | Visit : mf.nipponindiaim.com, Customer Care : 1860 266 0111#, 91-22-69259696# (For investors outside India)

This product is suitable for investors who are seeking*

- Long term capital growth.
- Investment in equity and equity related securities of companies listed on recognized stock exchange of Taiwan

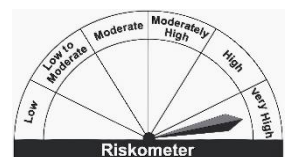
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Nippon India Taiwan Equity Fund



Investors understand that their principal will be at Very High risk

Taiwan Capitalization Weighted Stock Index (TAIEX) TRI

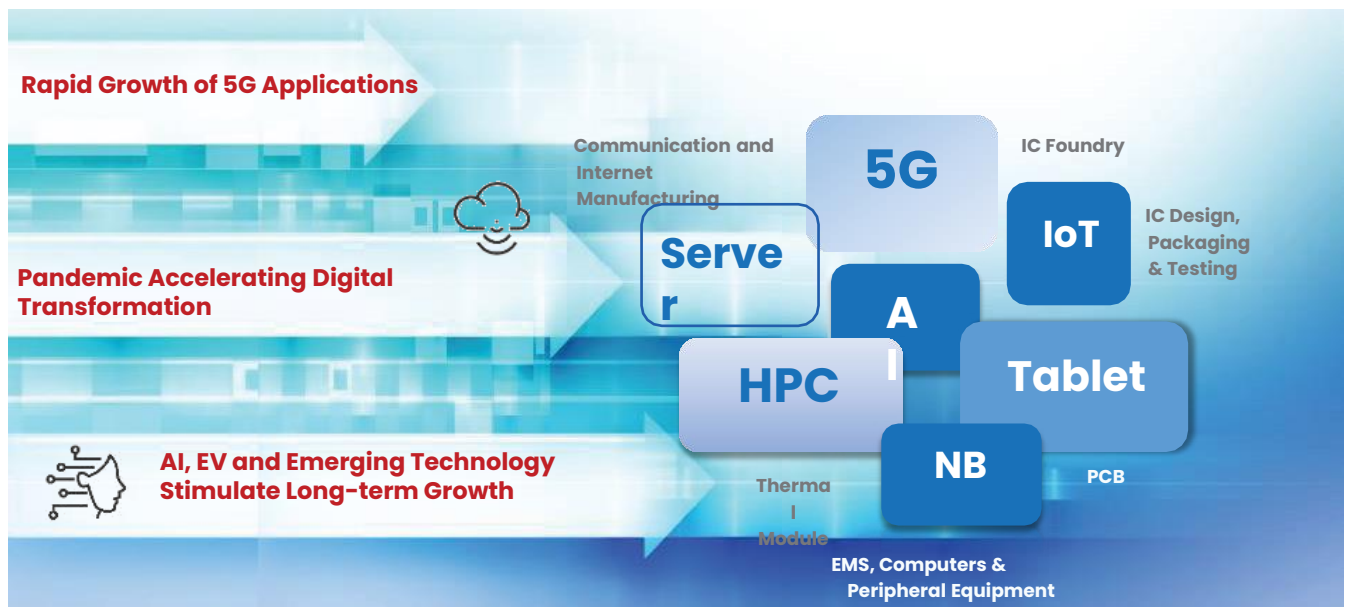


Benchmark Riskometer is at Very High risk

#Charges applicable.

Taiwan is a dominant player in the global semiconductor market and is a key beneficiary of strong global demand.

Semiconductors (or Chips) are the engines that drive the Digital Transformation in our Information Age



IoT: Internet of Things, AI: Artificial Intelligence, HPC: High performance computing, NB: Narrow band, PCB: Printed circuit board, IC: Integrated circuit; **Source:** compiled by Cathay SITE.

Semiconductors or Chips are the brains of modern electronics, enabling advances in medical devices and health care, communications, computing, defense, transportation, clean energy, and technologies of the future such as artificial intelligence, quantum computing, and advanced wireless networks.

Global semiconductor demand continues to grow and is further driven by increased pace of digitalization.

Investment Opportunities in Taiwan

1. Technology strength

Why Taiwan stands out



Taiwan leads the advancement in semiconductor process technology in the world.



Competitive in high-end IC packaging and testing



Semiconductor talent pool and public infrastructure

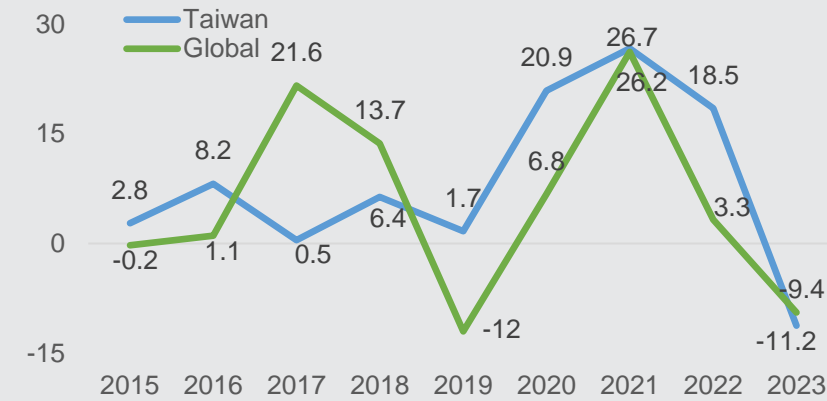


Benefiting from the ongoing tech “decoupling” between China and US

Source: WSTS, TSIA, compiled by Cathay SITE. As of 2023/12

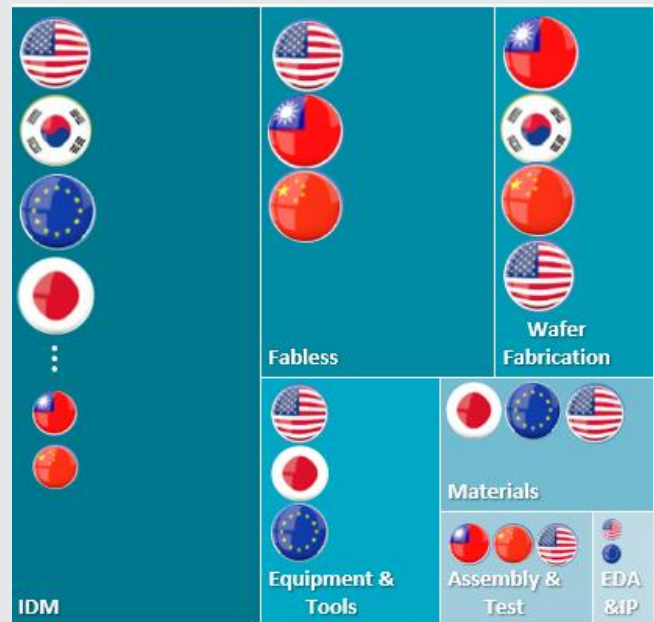
• **Taiwan's Semiconductor Industry to Thrive from Policies**

- Taiwan rolled out Chips Act and tax incentives to keep the development of semiconductor local and to consolidate Taiwan's leading position in the global supply chain.



Source: WSTS, TSIA, compiled by Cathay SITE as of 2023/12

- **Taiwan has a Well-established Semiconductor Supply Chain and ranks no.1/2 worldwide in every semiconductor sub-sector including silicon wafer, custom IC fabrication, IC testing and packaging, etc**

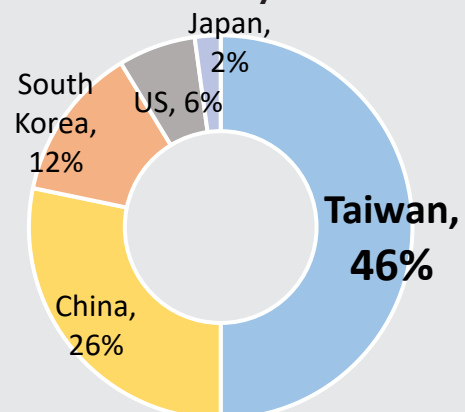


Source: "Strengthen the Global Semiconductor Supply Chain in an Uncertain Era" by BCG and Semiconductor Industry Association, April 2021

• **Taiwan dominates the Foundry Market**

- Semiconductor foundry is a factory where devices like Integrated Circuits are manufactured.
- Much of Taiwan's dominance can be attributed to TSMC, the world's largest foundry that counts major technology firms as its clients. Taiwan Semiconductor Manufacturing Co. (TSMC) accounts for more than half of the world's semiconductor foundry market.
- Taiwan has 52% market share in semiconductor contract manufacturing.

Semiconductor Contract Manufacturers by Market Share



Source: KGI, TrendForce, compiled by Cathay SITE. As of 2022/03

- **Taiwan leads in IC Design and Packaging**

- Taiwan's semiconductor industry holds a leading market share in IC foundry, packaging and testing services, and is second only to the US in terms of design services and broader market share.
- Out of the top 10 Outsourced Semiconductor Assembly and Testing (OSAT) companies by revenue in the world, 6 are from Taiwan

2. Economic Advantage

- Taiwan's GDP has grown steadily in the past. Nominal GDP of the country is US\$ 775 bn (2021).
- Although the slowdown in global economic and trade activities may hamper export growth for Taiwan, demand for high-tech products hasn't seen significant decline, bolstering exports of Electronics components and ICT and A/V products.
- Taiwan's consumer prices are relatively stable despite global inflation fears. The Consumer Price Index (CPI) rose.
- Taiwan remained one of the world's largest forex reserve holders (USD 552.20bn as on Nov 2022). The central bank would tend to maintain ample forex reserves to ensure that domestic financial markets remain stable.

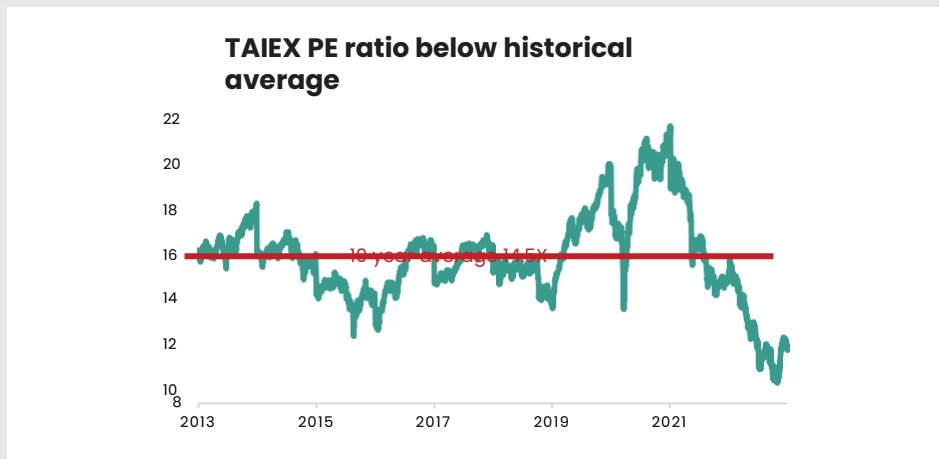


Source: Bloomberg, DGBAS, MoF, CBC compiled by Cathay SITE. As of 2022/12

3. Investment Opportunity

- **Taiwan Equity Markets have reasonable valuations**

- With stock valuation revisions, the 12-month forward price/earnings ratio for TAIEX fell to 10.4, lower than the historical average over the past decade.

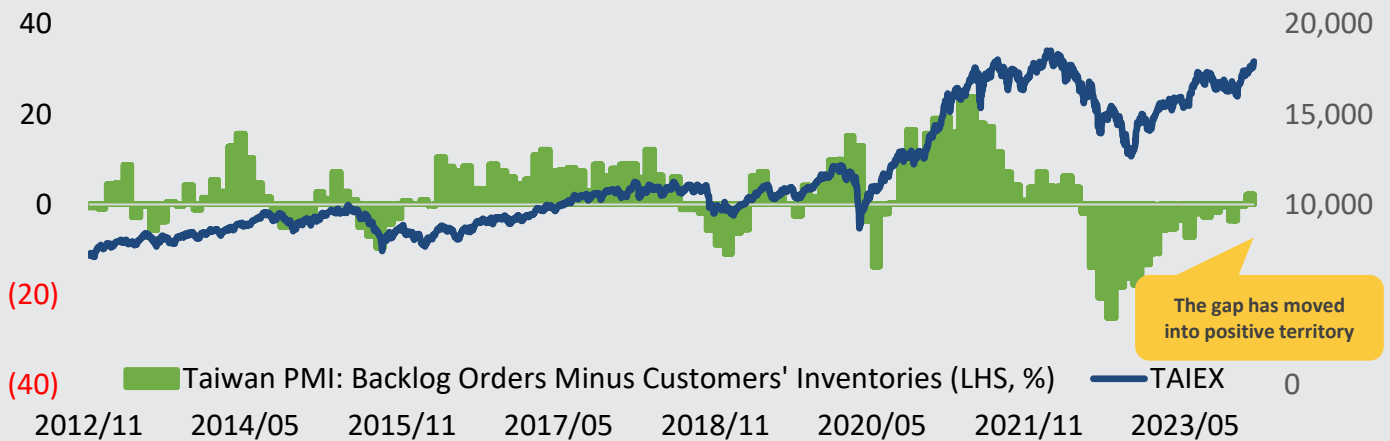


Source: Bloomberg, compiled by Cathay SITE. As of 2022/12

4. Inventory Destocking May Be near an End

- When the gap between Taiwan Manufacturing PMI backlog orders and customers' inventories is above zero, it means new orders are growing and products may be out of stock on the customers' end, which indicates the expansion phase of the business cycle and often coincides with stock market rally.

Taiwan PMI: Backlog Orders Minus Customers' Inventories v.s TAIEX



Source: Bloomberg, compiled by Cathay SITE. As of 2023/12

Nippon India Taiwan Equity Fund

Investment Philosophy

- Endeavor will be to identify industry leaders with a long term horizon
- High conviction portfolio with less than 40 holdings.
- The fund will follow bottom up approach layered with flexible cash position to minimize draw down.
- The fund will have ESG integration procedures for responsible investment.



Investment Strategy

- Investments will be based on **3 Ms**:
 - Dominant **Market Share** from successful business model
 - Sizable Market from **Mass Demand**
 - Sustainable **High Margin** from superior technology or high entry barrier
- The fund will follow a Multi Cap investment strategy
- Portfolio will be a mix of growth and value stocks
- Focus will be on new technology trends
- The fund will have less than 10% investment in a single stock



Note: Investment Philosophy and Strategy are based on the prevailing market conditions and are subject to changes depending on the fund manager's view of the equity markets

Investment Consultant:

Cathay SITE which is one of the largest Asset Managers in Taiwan & Part of Cathay Financial Holding is the investment consultant for the fund. Cathay SITE (Taiwan) has AUM of US\$47.16 Billion .



Note: The advisory services provided by Cathay shall be non-binding and recommendatory in nature. All final investment decisions in respect of the allocation shall be at the sole and exclusive discretion of Nippon Life India Asset Management Limited. AUM as on 30.09.2023 **Source:** Cathay SITE.

Why invest in Nippon India Taiwan Equity Fund?

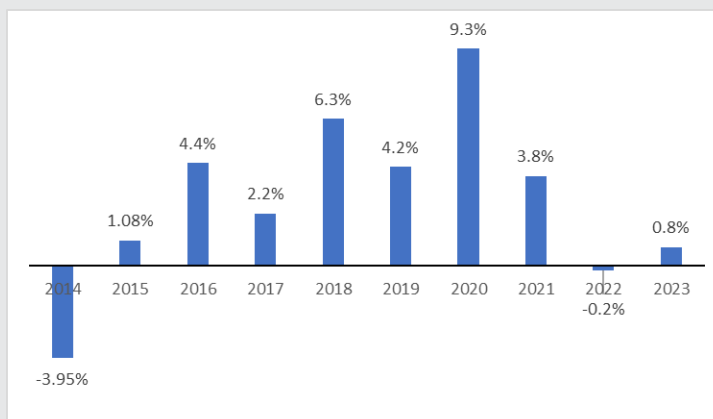
- Taiwan is a **global-play** on the Semiconductor & Electronics Industry
- Tech-manufacturing is a large & fast growing area
- Taiwan plays a critical role in the entire supply chain
- Access to profit pools not available in India
- Benefit from diversification due to weak correlation between Indian and Taiwanese market

| CY | TAIEX TRI (INR) | S&P BSE 500 TRI | Difference |
|------|-----------------|-----------------|------------|
| 2023 | 32% | 26% | 6% |
| 2022 | -19% | 5% | -23% |
| 2021 | 31% | 32% | -1% |
| 2020 | 39% | 18% | 21% |
| 2019 | 34% | 9% | 25% |
| 2018 | 1% | -2% | 3% |
| 2017 | 23% | 38% | -15% |
| 2016 | 21% | 5% | 16% |
| 2015 | -6% | 0% | -6% |
| 2014 | | | |

The above data pertains to prescribed index(s) and shall not be construed as indicative/ future returns of the scheme. Past performance may or may not be sustained in future; **Source:** Bloomberg

- New Taiwan Dollar (NTD) has an appreciating bias as the country has consistently large current account surplus

NTD/INR
(Avg appreciation over last 10 years: 2.8%)



Other Scheme Details

| | |
|--------------------------------------|---|
| Fund Managers | Kinjal Desai |
| Inception date | December 11, 2021 |
| Month end AUM (as on March 31, 2024) | Rs. 453.89 Crs |
| Benchmark | Taiwan Capitalization Weighted Stock Index (TAIEX) TRI |
| Minimum Application Amount | Rs. 500 & in multiples of Re. 1 thereafter |
| Exit Load | <ul style="list-style-type: none">• 1% if redeemed or switched out on or before completion of 3 months from the date of allotment of units.• Nil, thereafter |
| Plans and Options | Growth Plan (Growth Option), Income Distribution cum capital withdraw- al Plan (Payout Option and Reinvestment Option) |

Data as on March 31, 2024

Note: For further details about the scheme, kindly refer to Scheme Information Document

Disclaimer:

The information herein is meant only for general reading purposes and the views being expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers. Certain factual and statistical information (historical as well as projected) pertaining to Industry and markets have been obtained from independent third-party sources, which are deemed to be reliable. It may be noted that since Nippon Life India Asset Management Limited (NAM India) (formerly known as Reliance Nippon Life Asset Management Limited) has not independently verified the accuracy or authenticity of such information or data, or for that matter the reasonableness of the assumptions upon which such data and information has been processed or arrived at NAM India does not in any manner assure the accuracy or authenticity of such data and information. Some of the statements assertions contained in these materials may reflect NAM India's views or opinions, which in turn may have been formed on the basis of such data or information.

Before making any investments, the readers are advised to contact their mutual fund distributor, verify the contents in order to arrive at an informed investment decision. None of the Sponsors, the Investment Manager, the Trustee, their respective directors, employees, associates or representatives shall be liable in any way for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including on account of lost profits arising from the information contained in this material.

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