

Nippon India Taiwan Equity Fund

(An open ended equity scheme following Taiwan focused theme)

NFO Opens on: 22nd November, 2021

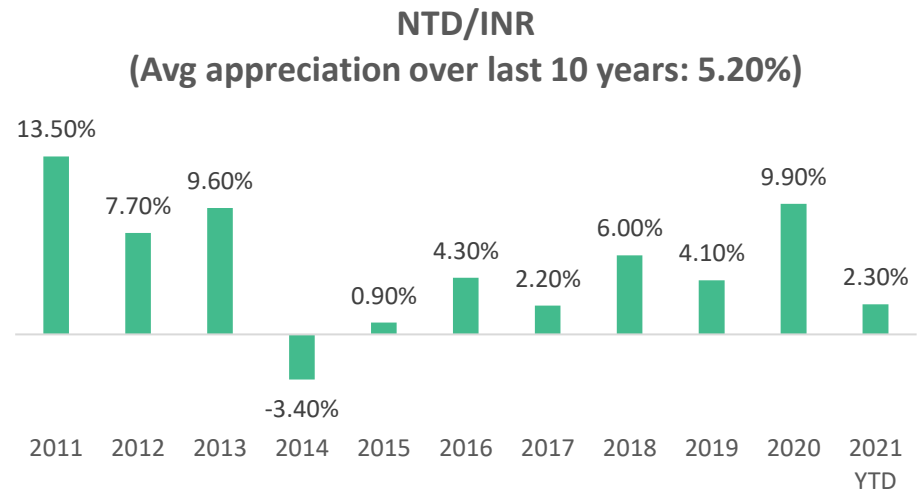
NFO Closes on: 6th December, 2021

Good gets *better*

Taiwan Prospects

Taiwan Overview

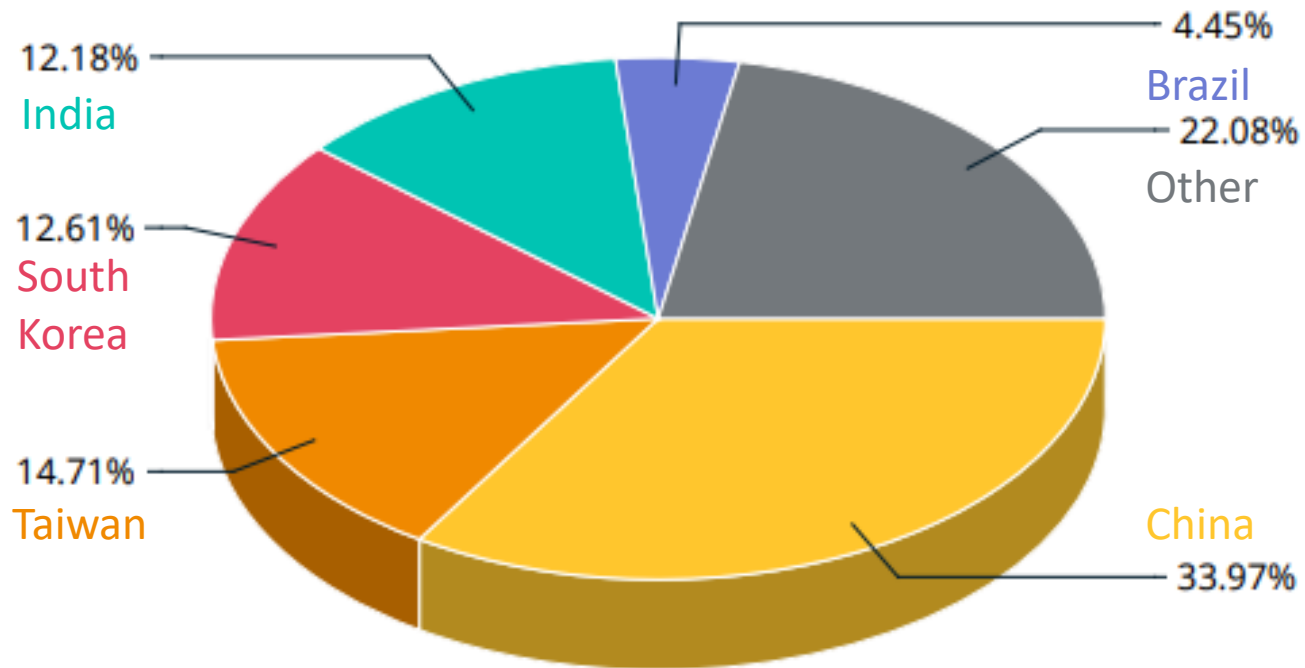
- Two Stock Exchanges (*Market Cap*):
 - Taiwan Stock Exchange (since 1962, *USD 1.8 trillion*)
 - Taipei Exchange (*USD 180 millions*)
- Domain Currency: New Taiwan Dollar (NTD)
- 2020 Nominal GDP: US\$ 669 bn
- 2020 Per Capita GDP: US\$28,371
- Population: 23,430,948
- Appreciating Bias of New Taiwan Dollar (NTD)



Source: National Statistics Taiwan, World Bank, WFE FOCUS MONTHLY STATISTICS, DGBAS, Bloomberg, compiled by Cathay SITE. As of 2021/09

Taiwan - 2nd Largest Country Weight in MSCI EM Index

MSCI EM Country Weights, Sept 2021



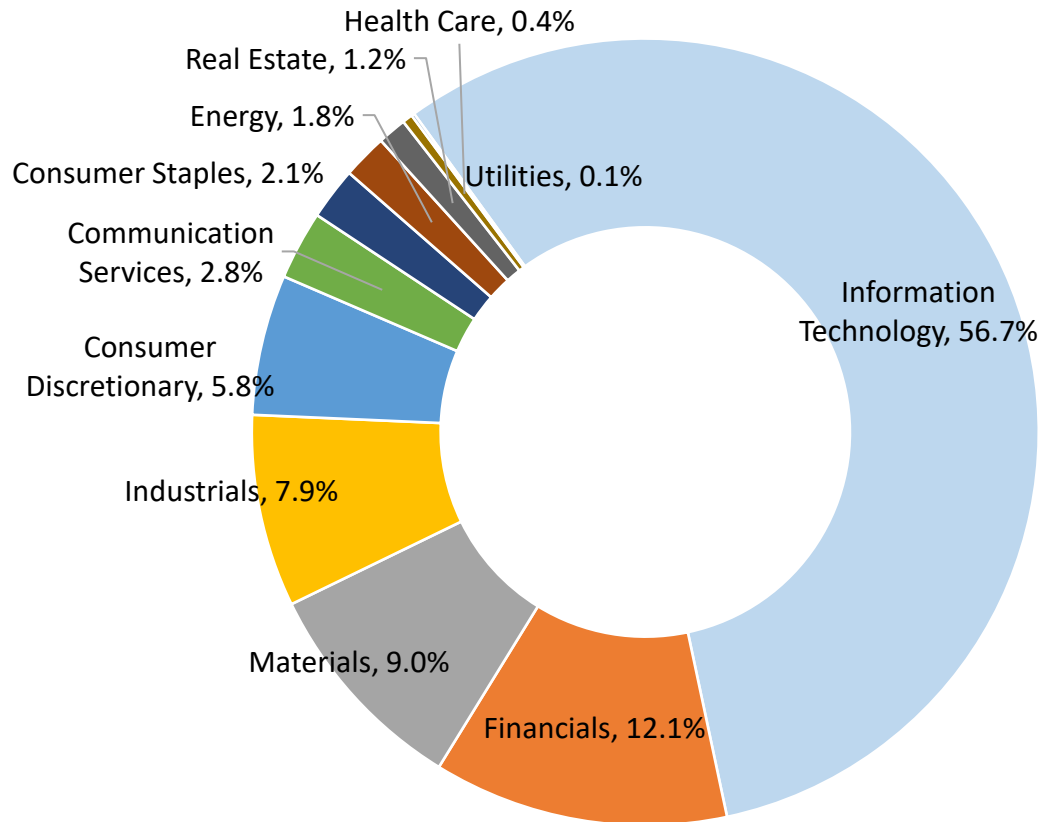
Source: MSCI, 2021/09.

The MSCI Emerging Markets Index captures large and mid cap representation across 27 emerging markets (EM) countries or regions with 1,418 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

TAIEX reflects Taiwan's dominance in Semiconductor Market

Manufacturing industry accounts for the majority of the index's weight, while domestic demand industry accounts for lower weight

TAIEX Sector Weights



Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

Investment Opportunities

1

**Strong
Economy**

Surging economic growth boosted by strong global demand.

2

**Technology
Strength**

Advanced technology raises the competitiveness in the semiconductor.

3

**Investment
Advantage**

Sound economic fundamentals with an attractive dividend yield.

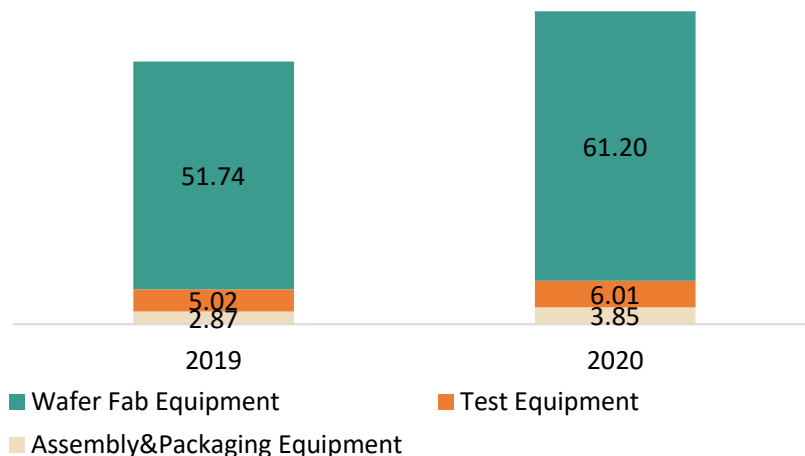


Taiwan – Key beneficiary of booming global demand for Semiconductors

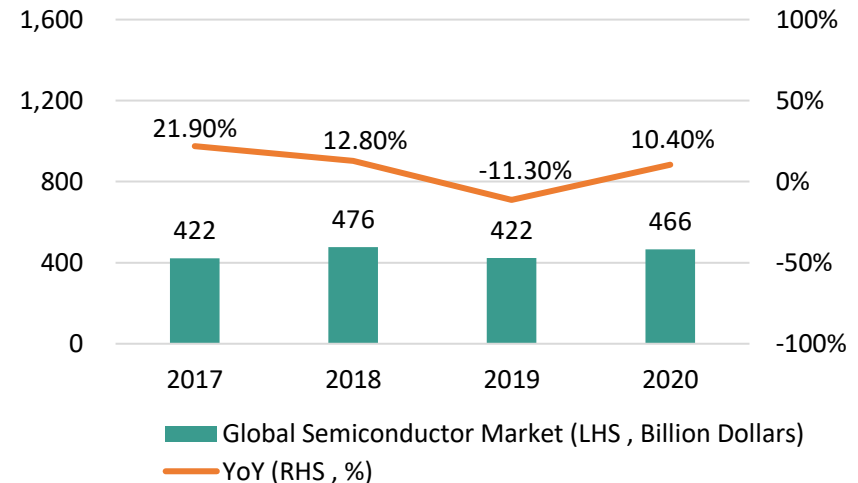
Worldwide Semiconductor market continues to grow..

- **Semiconductors 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.
- More than 169 industries have been impacted by the recent global chip shortage.

SEMI - Total Equipment by Segment (US\$BN)



Global Semiconductor Market Size (US\$BN)



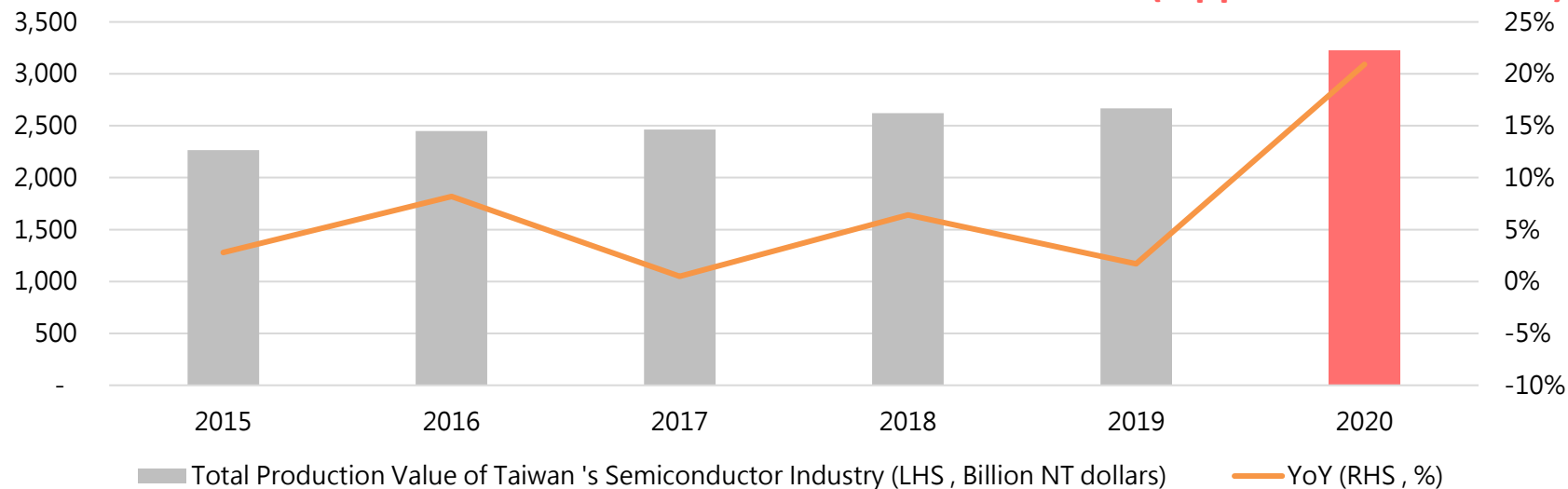
Source: Goldman Sachs, Gartner, SEMI, EMDS, compiled by Cathay SITE. As of 2021/09

Taiwan's Semiconductor Industry – Multiple growth years ahead!



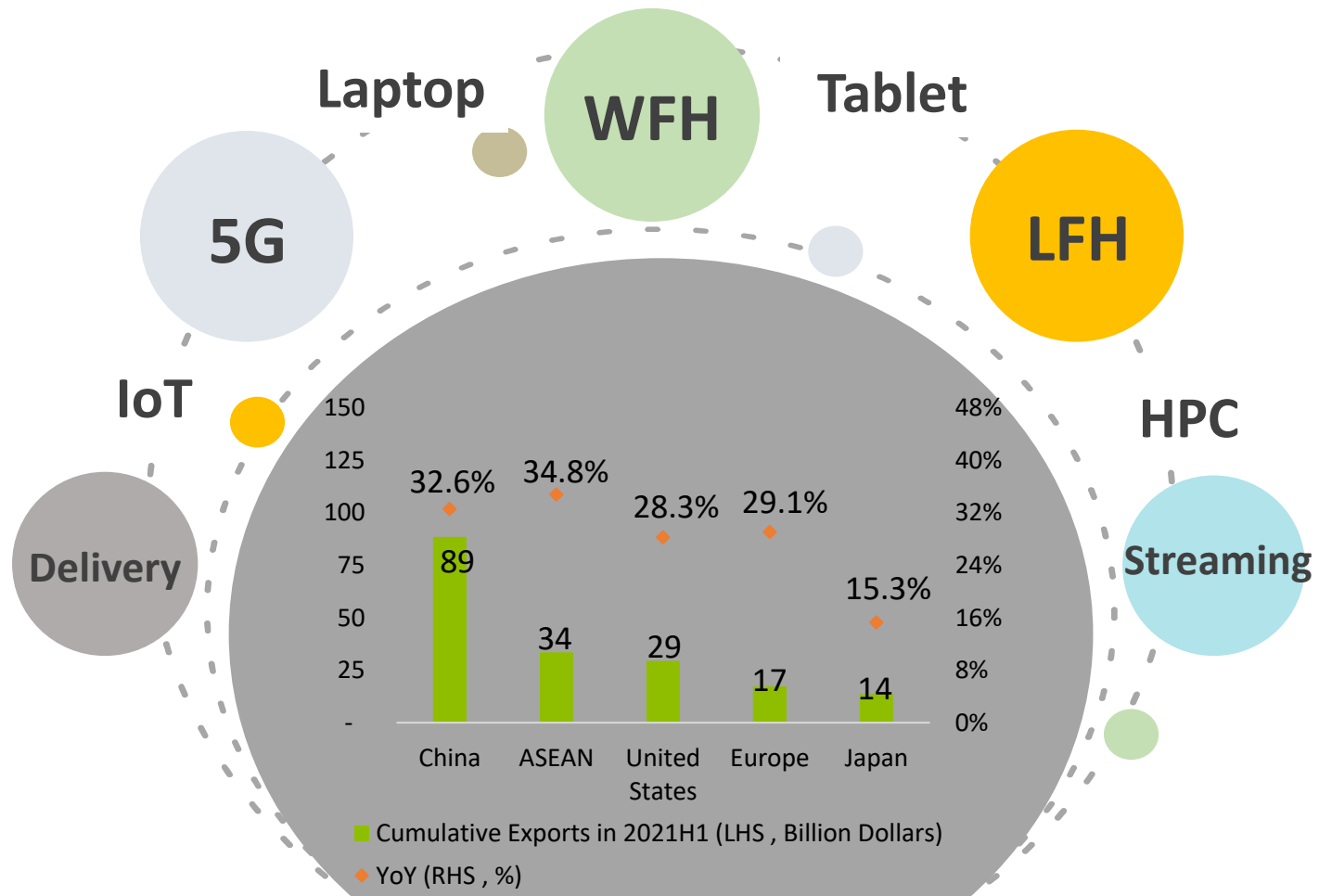
The Production Value of Taiwan's Semiconductor Industry

NT\$3.2 Trillion (appx. US\$115 Billion)



Source: ITRI, compiled by Cathay SITE. As of 2021/09

Taiwan Continues to benefit from booming Global Demand



**Taiwan's Exports to Major Markets
All Hit a Record High in 2021H1**

IoT: Internet of Things, HPC: High performance computing, WFH: Work from home; LFH: Learn from home

Source: MOF, compiled by Cathay SITE. As of 2021/09

Accelerated pace of Digitalization brings further opportunities



Rapid Growth of 5G Applications



Pandemic Accelerating Digital Transformation



AI, EV and Emerging Technology Stimulate Long-term Growth

Communication and Internet Manufacturing

Server

5G

IC Foundry

IoT

IC Design, Packaging & Testing

AI

HPC

Tablet

Thermal Module

Laptop

PCB

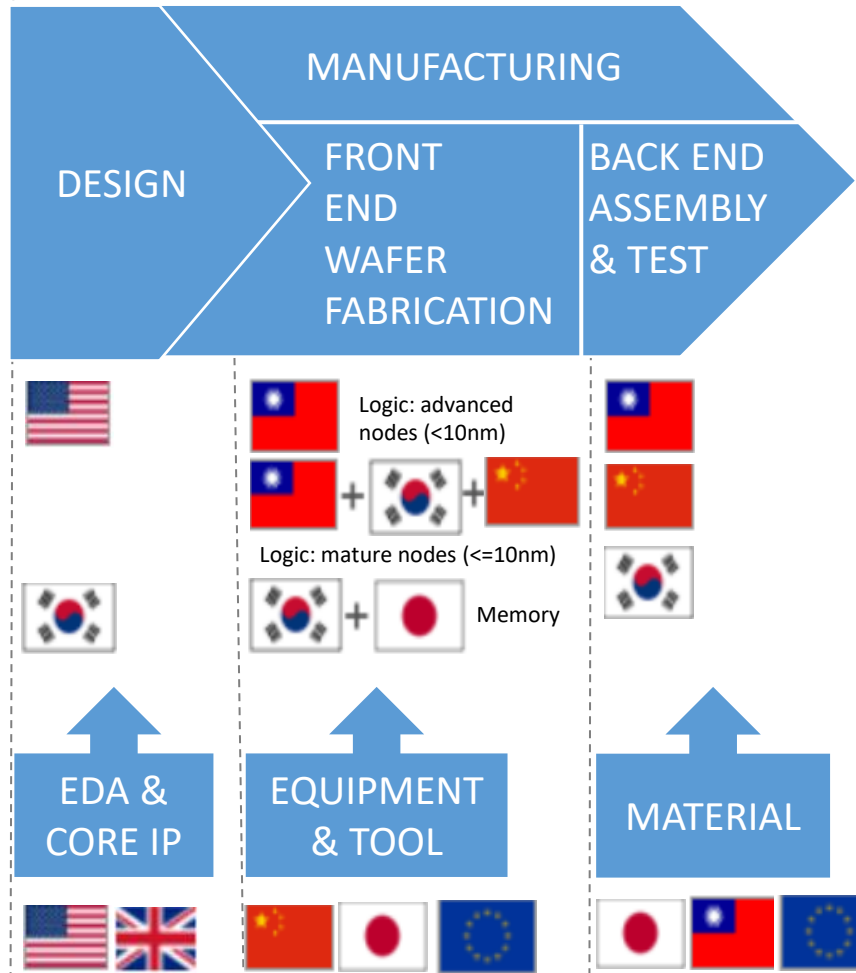
EMS, Computers & Peripheral Equipment Manufacturing

IoT: Internet of Things, AI: Artificial Intelligence, HPC: High performance computing, PCB: Printed circuit board, IC: Integrated circuit

Source: compiled by Cathay SITE.

Taiwan has a Well-established Semiconductor Supply Chain

Taiwan Dominated #1 and #2 in every semiconductor sub-sectors



No. 1 Worldwide

| Category | Production Value (US\$ million) | Quantity | Global Share (%) |
|------------------------|---------------------------------|-----------|------------------|
| High-end bicycles | | 2,356,000 | 28.3 |
| Silicon wafer | 2,460.20 | | 20.21 |
| Custom IC fabrication | 52,305 | | 73.73 |
| IC testing & packaging | 18,578 | | 49.41 |
| Chlorella | | 912 tons | 45.1 |

No. 2 Worldwide

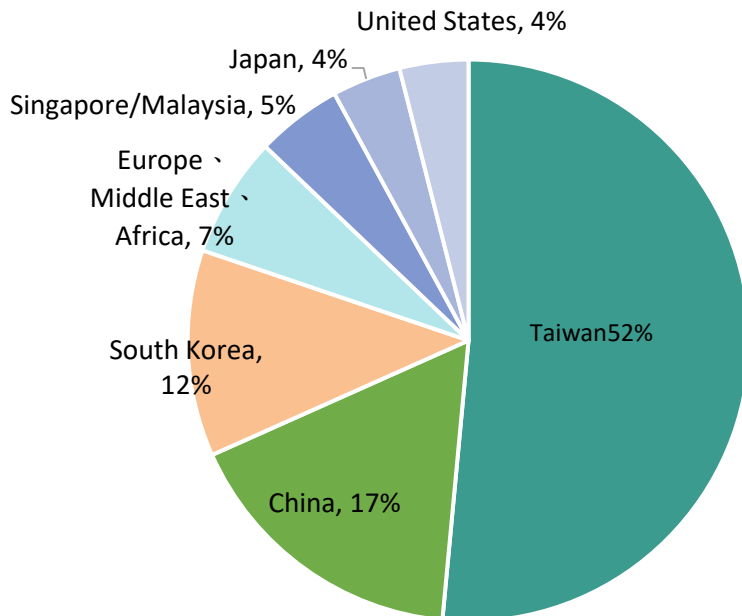
| | | | |
|---------------------------------|--------|--------|-------|
| Printed circuit boards | 8,674 | | 11.66 |
| Electric scooters | | 99,000 | 7.6 |
| Copper Clad Laminate | 1,520 | | 11.87 |
| Small & medium-sized LCD panels | 8,012 | | 22.58 |
| Personal navigation devices | 440 | | 42.51 |
| IC design | 28,238 | | 19.67 |
| IC substrates | 3,030 | | 26.79 |

Source: (Left) "Strengthen the Global Semiconductor Supply Chain in an Uncertain Era" by BCG and Semiconductor Industry Association, April 2021; (Right) Ministry of Economic Affairs Taiwan, 2020

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 Taiwan Semiconductor Manufacturing Co. (TSMC), the world's largest foundry that counts major technology firms as its clients. TSMC accounts for more than half of the world's semiconductor foundry market in 2020 and now.

Semiconductor Contract Manufacturers by Market Share



2021Q2 Ranking of Global Top 10 Foundries by Revenue

| Rank | Company | 2021Q1 Revenue (Million USD) | Market Share |
|------|---------------|------------------------------|--------------|
| 1 | TSMC | 13,300 | 53% |
| 2 | Samsung | 4,334 | 17% |
| 3 | UMC | 1,819 | 7% |
| 4 | GF | 1,522 | 6% |
| 5 | SMIC | 1,344 | 5% |
| 6 | Huahong Group | 658 | 3% |
| 7 | PSMC | 459 | 2% |
| 8 | VIS | 363 | 1% |
| 9 | Tower | 362 | 1% |
| 10 | DB HiTek | 245 | 1% |







Note: Securities mentioned herein are for informational purposes only and should not be interpreted as recommendation to buy or sell any security. Investors should carefully consider the investment objectives and risks.

Source: KGI, TrendForce, compiled by Cathay SITE.
As of 2021/09




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.

2021Q2 Ranking of Global Top 10 OSAT Companies by Revenue

| Rank | Company | 2021Q2 Revenue (Million USD) | YoY |
|------|--|------------------------------|-----|
| 1 | ASE  | 1,863 | 35% |
| 2 | Amkor | 1,407 | 20% |
| 3 | JCET | 1,099 | 25% |
| 4 | SPIL  | 931 | 2% |
| 5 | PTI  | 742 | 14% |
| 6 | TFME | 591 | 68% |
| 7 | TSHT | 467 | 65% |
| 8 | KYEC  | 274 | 7% |
| 9 | ChipMOS  | 251 | 38% |
| 10 | Chipbond  | 251 | 50% |

2021Q2 Ranking of Global Top 10 IC Design Companies by Revenue

| Rank | Company | 2021Q1 Revenue (Million USD) | YoY |
|------|---|------------------------------|-----|
| 1 | Qualcomm | 6,472 | 70% |
| 2 | Nvidia | 5,843 | 69% |
| 3 | Broadcom | 4,954 | 19% |
| 4 | MediaTek  | 4,489 | 99% |
| 5 | AMD | 3,850 | 99% |
| 6 | Novatek  | 1,219 | 96% |
| 7 | Marvell | 995 | 39% |
| 8 | Xilinx | 879 | 21% |
| 9 | Realtek  | 834 | 44% |
| 10 | Dialog | 318 | 5% |

OSAT: Outsourced Semiconductor Assembly and Testing

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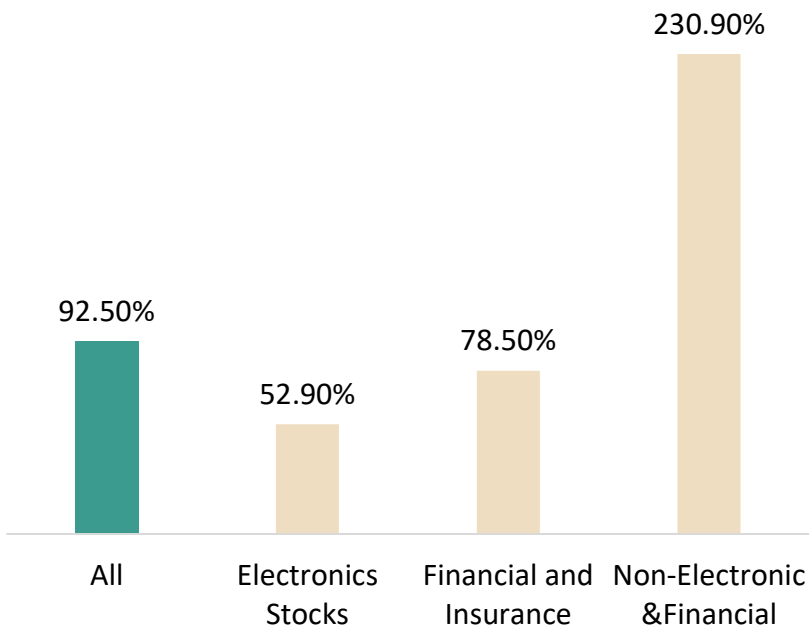
Source: TrendForce, compiled by Cathay SITE. As of 2021/09

Taiwan Equity Markets

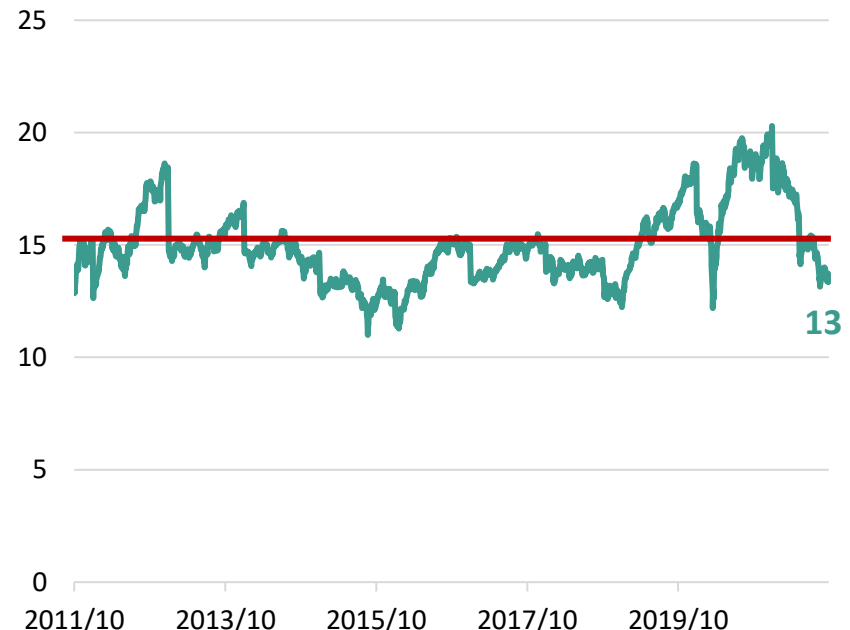
Strong Earnings and Attractive Valuations

- The strong exports drove the corporate profits and grew by 92.5% in 2021Q2
- Taiwan's stock prices have progressed in line with an improved earnings outlook. The 12-month forward price/earnings ratio for the Taiwan exchange was 13, lower than the historical average over the past decade.

Taiwan Corporate Profits growth in 2021Q2



TAIEX PE ratio

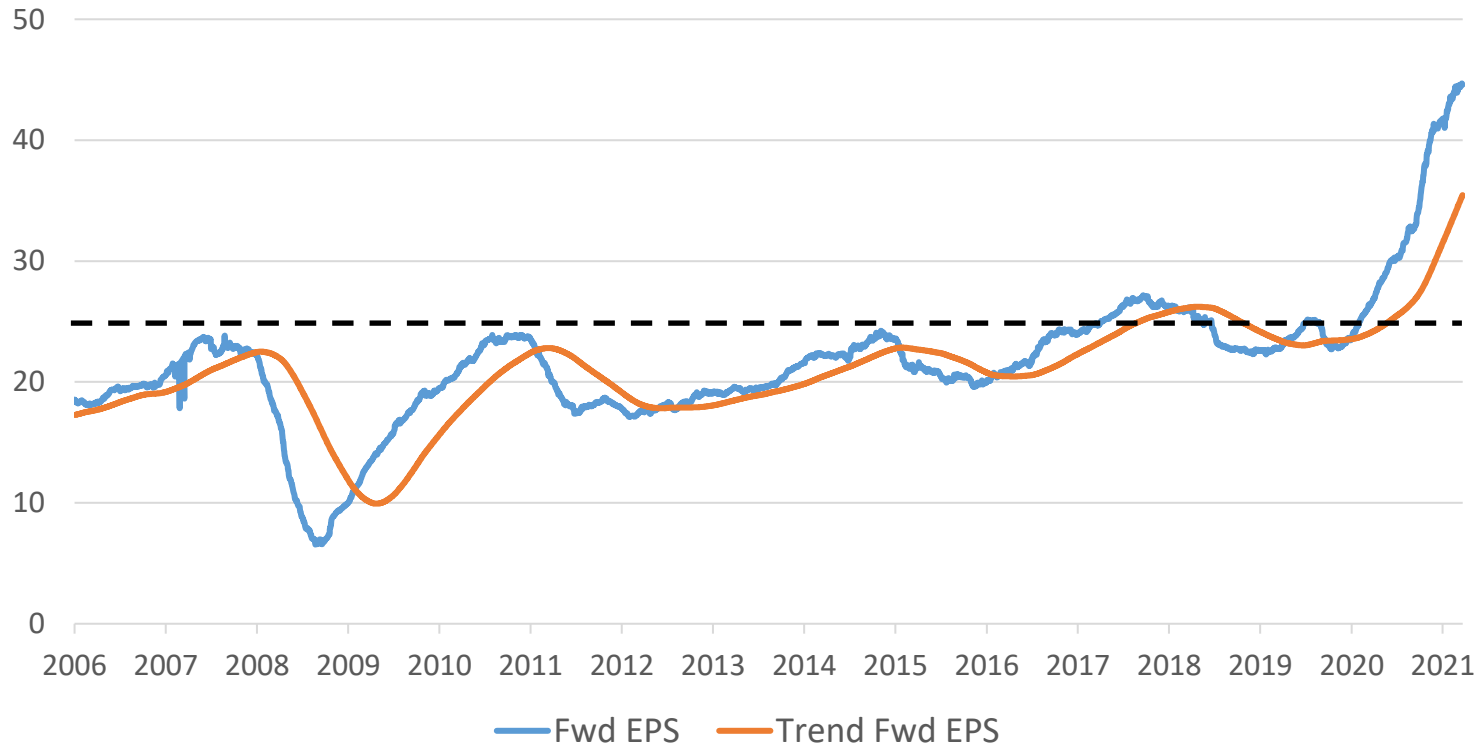


Note: 1. Indices mentioned herein are for information only. Past performance of each index is no guarantee of current or future results. 2. The above survey only top 500 companies listed on TWSE by market capitalization

Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

Forward EPS Has Exceeded Typical Cycles, but Remains Strong

TAIEX Earnings per Share (USD)



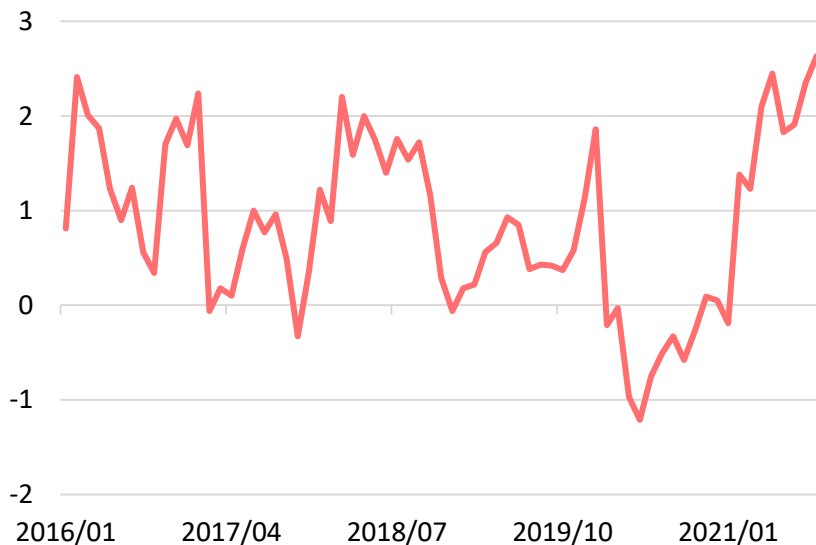
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Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

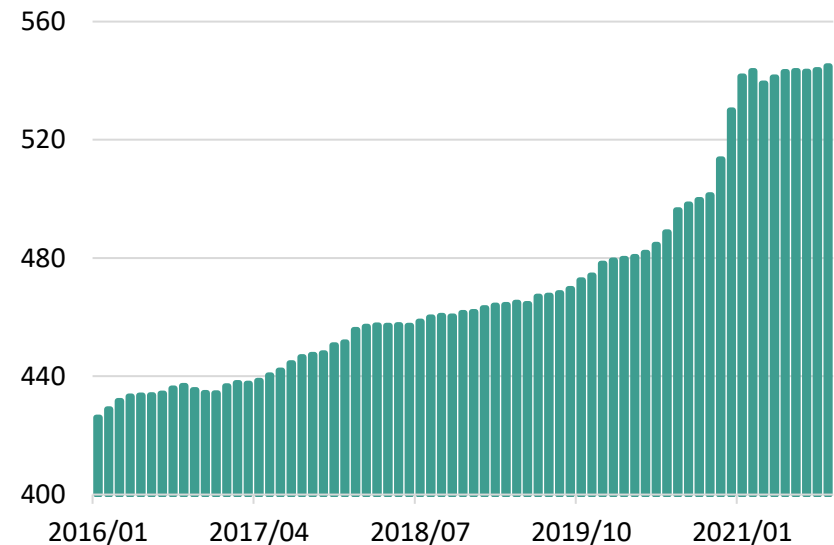
Strong FX Reserves Back Up a Stable Investment Environment

- Taiwan's foreign exchange reserves in September climbed to US\$545 billion — the second-highest figure in the nation's history — increasing for the third consecutive month and retaining the fifth-largest position globally.
- Inflation has been range-bound.

Taiwan Inflation Rate (CPI)



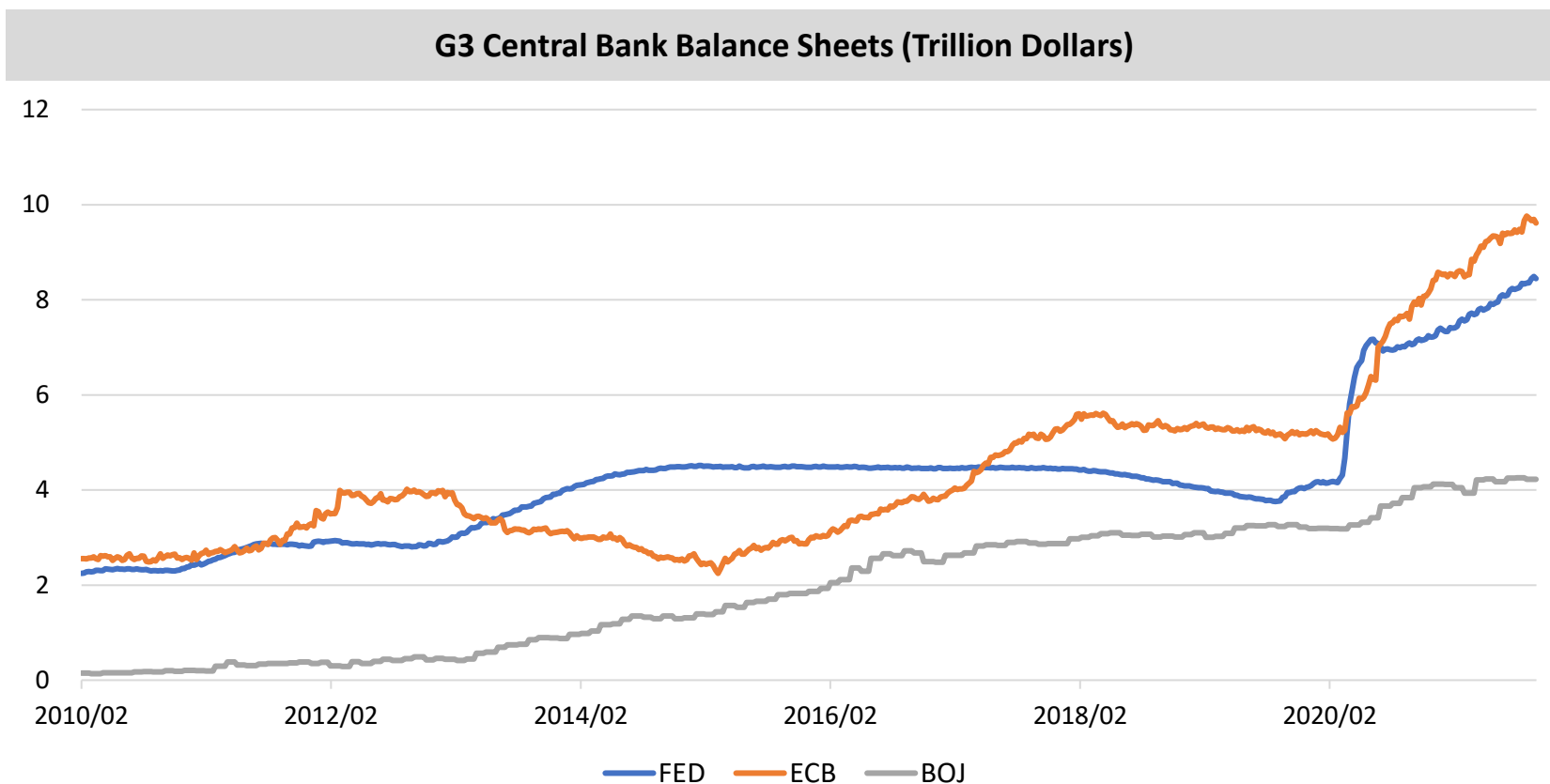
Taiwan Foreign Exchange Reserves



Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

Central Banks Adopted "Flexible than Ever" Policy between Tapering & Easing

- The Federal Reserve, European Central Bank and Bank of Japan are set to hold interest rates this year.
- The spillover effect of the unconventional monetary policies to stock prices persists.

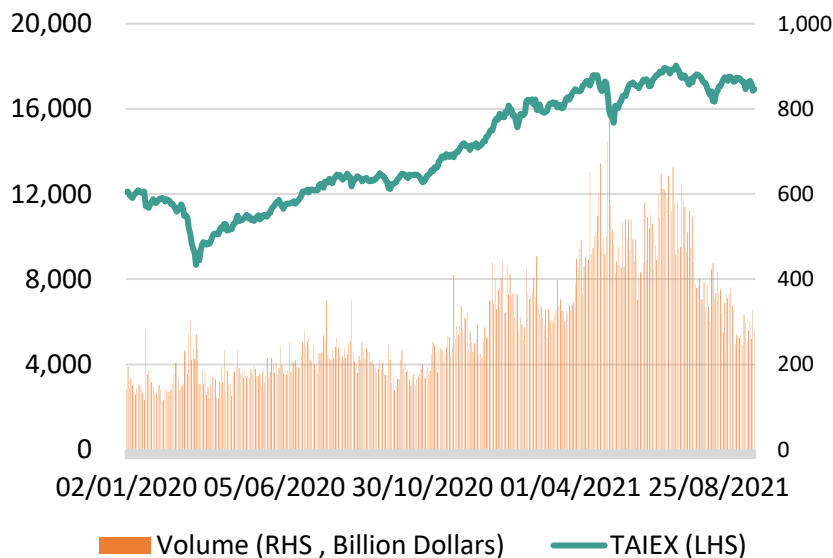


Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

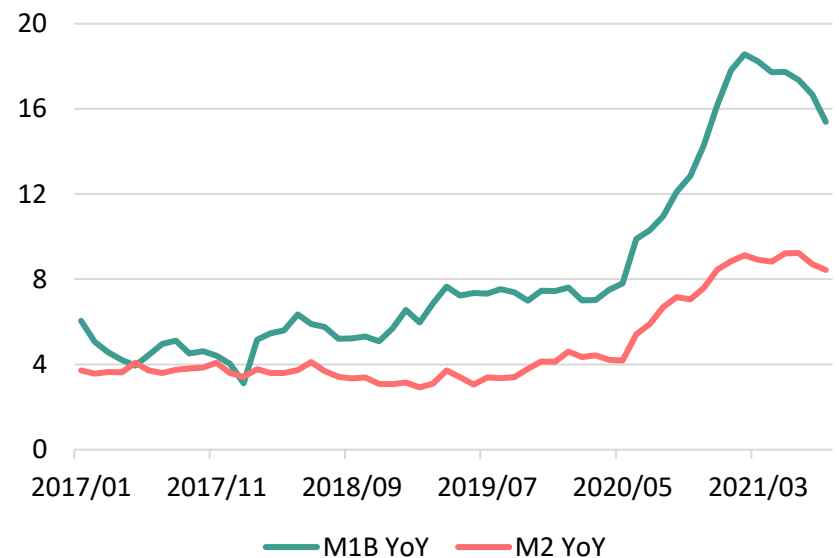
High Liquidity in Stock Market

- TAIEX is from less than 10,000 points in March 2020 to around 17,000 points now, and the trading volume to a record of more than NT\$700 billion on 12 May, 2021.
- Taiwan's money supply, measured by movements in the M1B and M2 gauges, logged annual gains of 15.39 percent and 8.44 percent respectively in August, as local individual investors increased investments in the local bourse.

TAIEX and Stock Trading Volume



Taiwan M1B vs. M2 (%)



Note: Indices mentioned herein are for information only. Past performance of each index is no guarantee of current or future results.

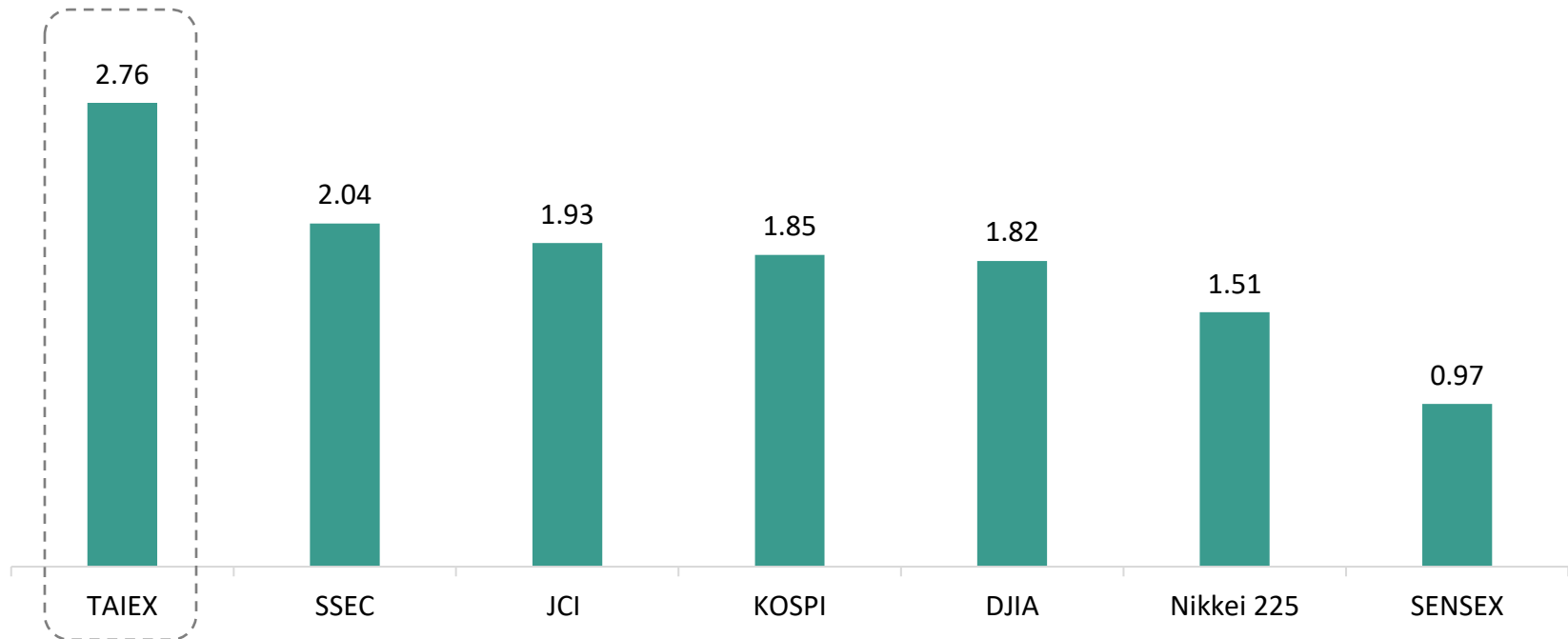
*M1B makes up funds people possess and can utilize at their disposal. M2 is the sum of M1B and the funds circulating in the market and has lower liquidity than M1B.

Source: XQ, CBC, compiled by Cathay SITE. As of 2021/09

High Dividend Yield in Taiwan Stock Market

- Dividend yield of Taiwan listed companies is 2.8% as of September 2021. High dividend yields make Taiwan stocks attractive to global investors in a low interest rate environment.

Dividend Yields across Major Markets (%)



Note: Indices mentioned herein are for information only. Past performance of each index is no guarantee of current or future results.

Source: Bloomberg, compiled by Cathay SITE. As of 2021/09

Performance over last 10 years

| CY | TAIEX (INR) | S&P BSE 500 |
|----------------|---------------|---------------|
| 2021 YTD* | 18.20% | 30.90% |
| 2020 | 33.80% | 16.10% |
| 2019 | 28.40% | 8.50% |
| 2018 | -2.80% | -3.20% |
| 2017 | 18.00% | 35.90% |
| 2016 | 16.30% | 4.40% |
| 2015 | -9.90% | -0.80% |
| 2014 | 3.80% | 36.60% |
| 2013 | 23.00% | 3.10% |
| 2012 | 17.10% | 31.00% |
| 2011 | -9.60% | -26.80% |
| Average | 12.40% | 12.30% |

*Till 30 Sep 2021; 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

Introducing

Nippon India Taiwan Equity Fund

Investment Philosophy

Long Term

- Identify industry leaders from a long term horizon.

Conviction

- Tend to hold less than 40 holdings with a high conviction.

Downside Control

- Bottom up approach layered with flexible cash position to minimize draw down.

Stewardship

- ESG integration procedures for responsible investment.

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

Investment Strategy

Investments will be based on **3 Ms**: 1) Dominant **Market Share** from successful business model, 2) Sizable Market from **Mass Demand**, 3) Sustainable **High Margin** from superior technology or high entry barrier

The fund will follow a Multi Cap investment strategy

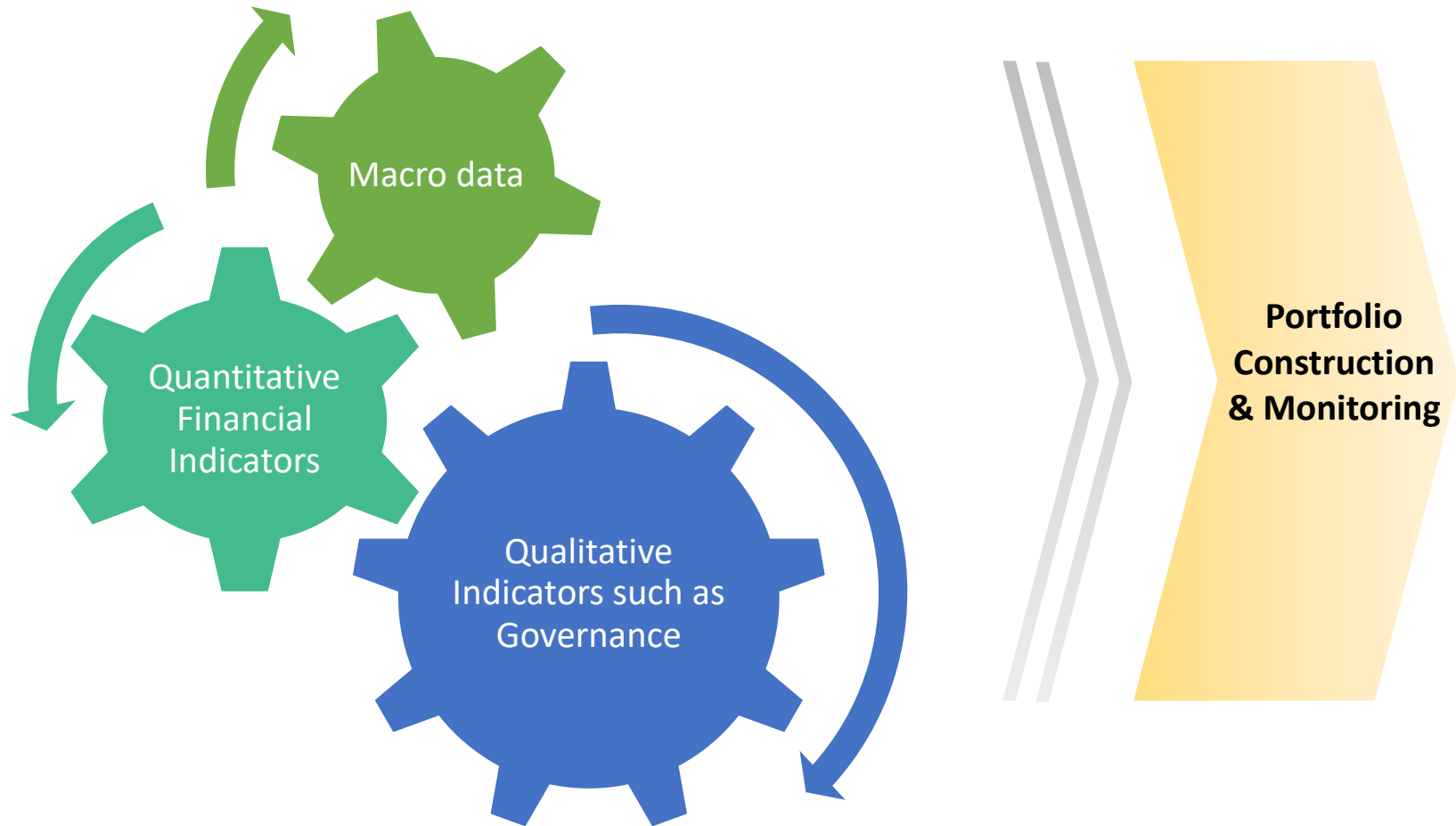
Portfolio will be a mix of growth and value stocks

Focus will be on new technology trends

Less than 10% investment in a single stock

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

Investment Process



Investment Consultant

Cathay SITE – One of the largest AMCs of Taiwan

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.

Cathay Asset Management Platform Across the World

Total assets under management : US\$209.4 Billion



Conning (Boston, Cologne, Hartford, Hong Kong, London, New York)

Founded in 1912, Conning is a leading global investment management firm with a long history of serving the insurance industry.



Global Evolution (Kolding, Zürich, New York, London, Luxembourg, Singapore)

A leading emerging and frontier market investment manager founded in Denmark.



Octagon (New York)

Expert at syndicated loans and collateralized loan obligation (CLO). Octagon is a top 10 CLO issuer in the US.



Cathay SITE (Taiwan)

Leading asset manager in Taiwan; specialized in equity management, ETFs, and multi-asset solutions.



CDBS Cathay Asset Management Co.,LTD.

CDBS Cathay Asset Management (Beijing)

A joint venture of Cathay SITE and China Development Bank Securities, an 80%-owned subsidiary of China Development Bank.



Cathay SICE (Taiwan)

An agent introducing overseas premium funds into Taiwan, who masters the pulse of global well-known funds strategies.

Source: Conning, Cathay SITE. As of Sept 30, 2021, represents the combined global assets under management for the affiliated firms under Conning Holdings Limited, Cathay Securities Investment Trust Co., Ltd. ("SITE") and Global Evolution Fondsmæglerselskab A/S and its group of companies (the "Global Evolution Companies"). The Global Evolution Companies are affiliates of Conning. SITE reports internally into Conning Asia Pacific Limited, but is a separate legal entity under Cathay Financial Holding Co., Ltd. which is the ultimate controlling parent of all Conning controlled entities.

Cathay SITE: one of the Largest Asset Manager in Taiwan

By the Numbers

Business

US\$42.81 Billion of client asset under management, the largest asset manager in Taiwan

310 Employees;
Headquartered in Taipei, Taiwan.

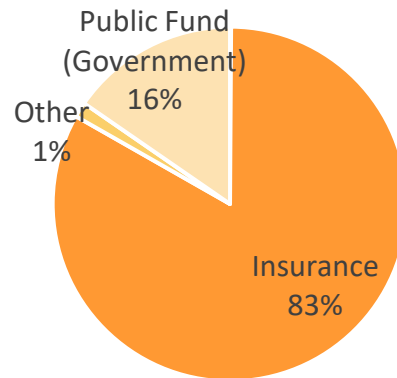
Culture

Integrity, Accountability, Creativity

Heritage and Milestones

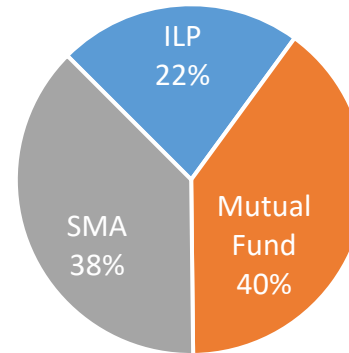
- 2000** Founded in Taipei, Taiwan
- 2011** Became a member of Cathay Financial Holdings (CFHs)
- 2015** CFHs acquired Conning Inc., and expanded into Cathay Asset Management Platform.
- 2021** US\$209.4 Billion asset under management under Cathay Asset Management Platform.

We Speak Insurance



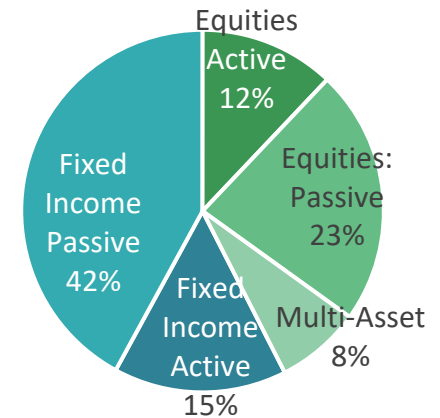
- A heritage from Cathay Financial Holdings and Conning Insurance Research, we understand the unique regulation and risk budget requirements of insurances.
- US\$21.43billion Insurance assets account for 83% of our total institutional assets.

Customized Vehicles



- Equally attentive to retail and institutional clients.
- Various vehicles – from the most common mutual funds, to structured private placement, to separately managed accounts, and to insurance linked products- cater to every client's need.

Diversified Fund Base



- Equally capable in managing equity, fixed income, and risk-targeted products like Multi-asset and Balanced Portfolio.
- One of the largest ETF manager in Taiwan.
- One of the largest active Taiwan equity manager.

Source: SITCA, Cathay SITE; as of 2021/9/30

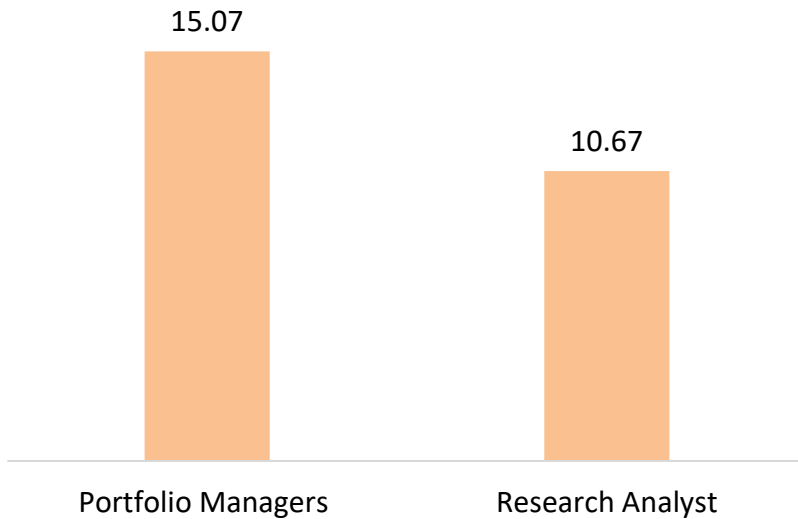
Largest Investment Team Among Taiwanese Peers



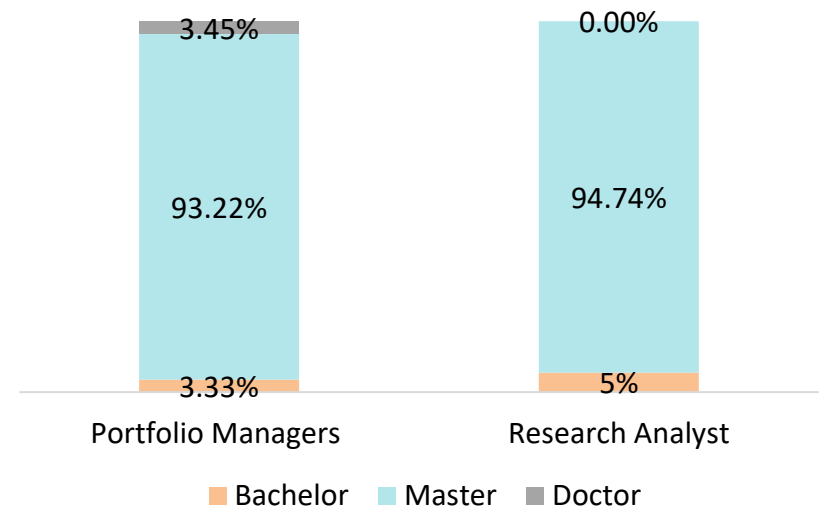
137 Investment Professionals

Average 14 years Industry Experience

Average Tenure



Education Statistics



Source: Cathay SITE. As of 2021/09

To Sum up

Investment Opportunities

- 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
- Opportunity to add a unique sector for Indian investors

Risks

- Deglobalization – geopolitical developments
- Reshoring of manufacturing by major countries
- Diversified nature of the portfolio vs Index

Other Scheme Details

Fund Manager Kinjal Desai (Dedicated Fund Manager for Overseas Investments)

Benchmark Taiwan Capitalization Weighted Stock Index (TAIEX)

Exit Load

- 1% if redeemed or switched out on or before completion of 3 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)

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

Product Label

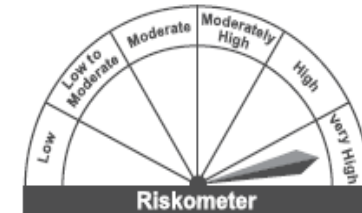
Nippon India Taiwan Equity Fund

(An open ended equity scheme following Taiwan focused theme)

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.



Investors understand that their principal will be at Very High risk

The product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Disclaimer

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



Nippon *india* Mutual Fund

Wealth sets you free

Thank you!

Good gets *better*