

# Nippon India Vision Fund

Good gets *better*

## **Monthly Outlook – Equity**

Good gets *better*

# Current Macro Landscape

**01**

Inflation moderating across geographies

**02**

Interest rates shift from Higher for Longer shifting to lower

**03**

Weaker USD, Commodity prices bottoming out

**04**

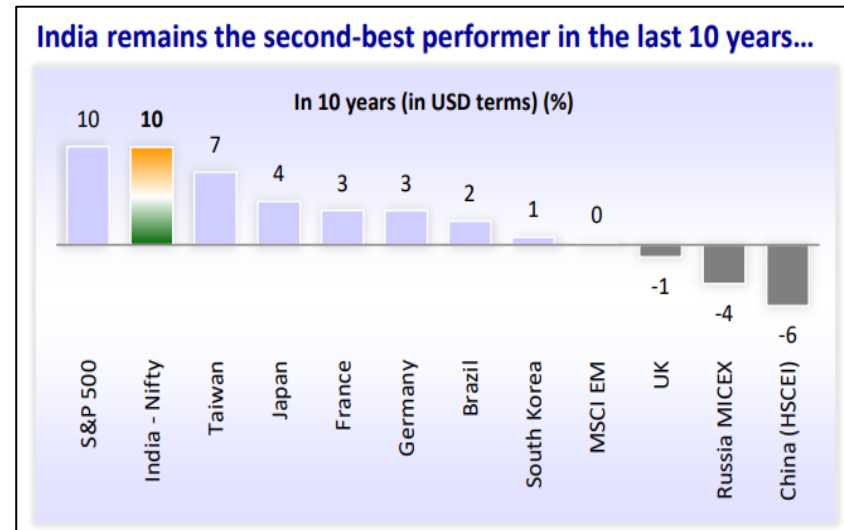
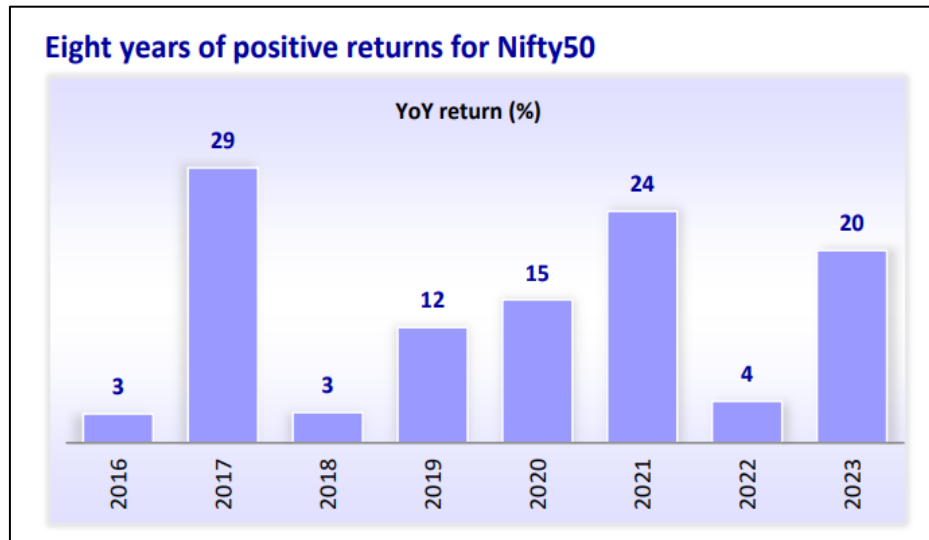
Risk on Rally in Asset Classes – Equity Outperforms

Note – Data as on 31<sup>st</sup> Mar,2024

Source : Bloomberg  
NIMF Research

# India Strategy : A year of Ups and Downs

- In CY23, the Indian markets remained resilient and strong amid weak global macros, rising interest rates, and geopolitical uncertainties that kept global markets volatile and jittery.
- The Nifty-50 clocked eight successive years of positive returns. The benchmark index hit an all-time high in Dec'23 and surged 20% YoY in CY23 (vs. only 4% growth in CY22). While multi-year high interest rates, geopolitical tensions, volatility in crude oil prices, slowing growth, and recessionary environment in developed markets remained the key concerns during the year, India's healthy economic growth, healthy corporate earnings, moderate inflation, waning crude oil prices, reinforced Foreign institutional investors (FII) and Domestic institutional investors (DII) inflows, and good retail participation propelled the Indian markets to greater heights



Note – Data as on calendar year basis

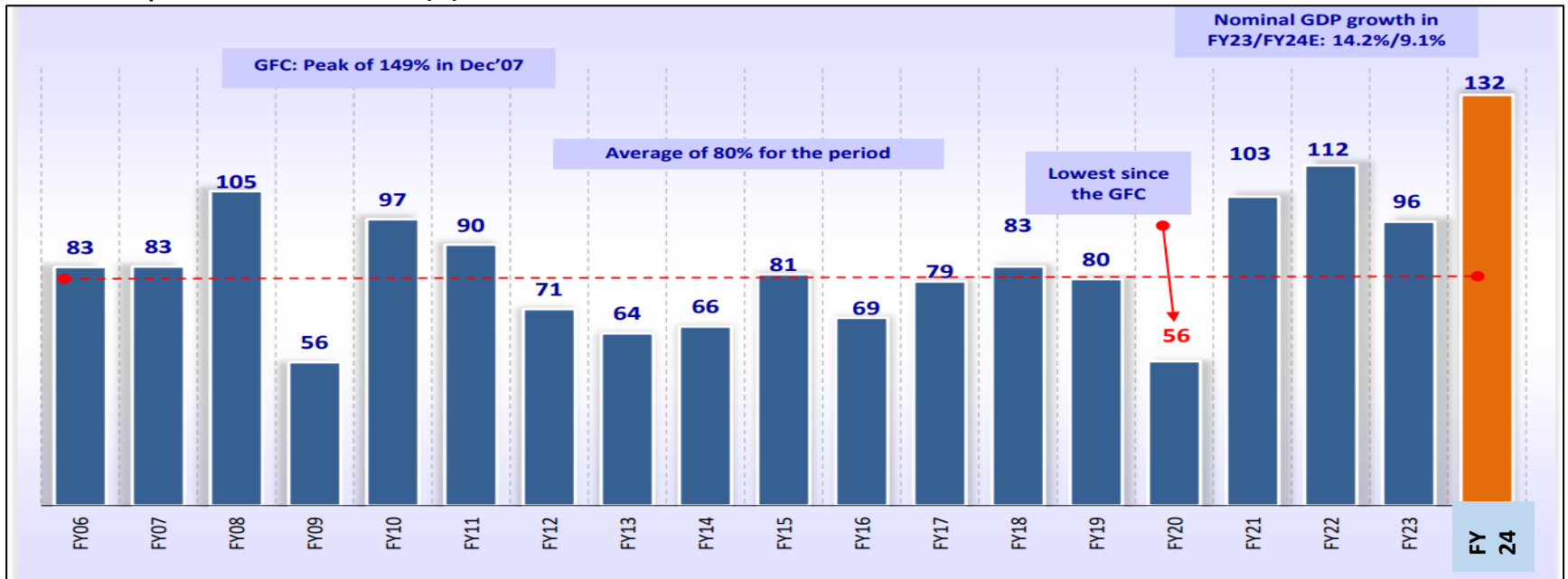
Source : Bloomberg

NIMF Research

# India's market capitalization-to-GDP ratio at an all-time high as of year-end closing

- India's market capitalization-to-GDP ratio continues to remain strong. The ratio stands at 132% as of FY24, much above its long term average of ~80%.
- India's Real GDP growth came in much higher than expected at 8.4% in 3QFY24 vs. 8.1% (revised higher from 7.6%) in 2QFY24 and 4.3% in 3QFY23 (revised lower from 4.8%). 1QFY24 GDP growth has also been revised higher to 8.2% from 7.8%. Consequently, GDP growth for 9MFY24 stood at 8.2%. Higher-than-expected GDP growth was partly led by a downward revision in 3QFY23 growth (to 4.3% from 4.8% earlier) and a very high growth in real net indirect taxes, driven by lower subsidies.

Market capitalization-to-GDP ratio (%)



GFC (The global financial crisis)

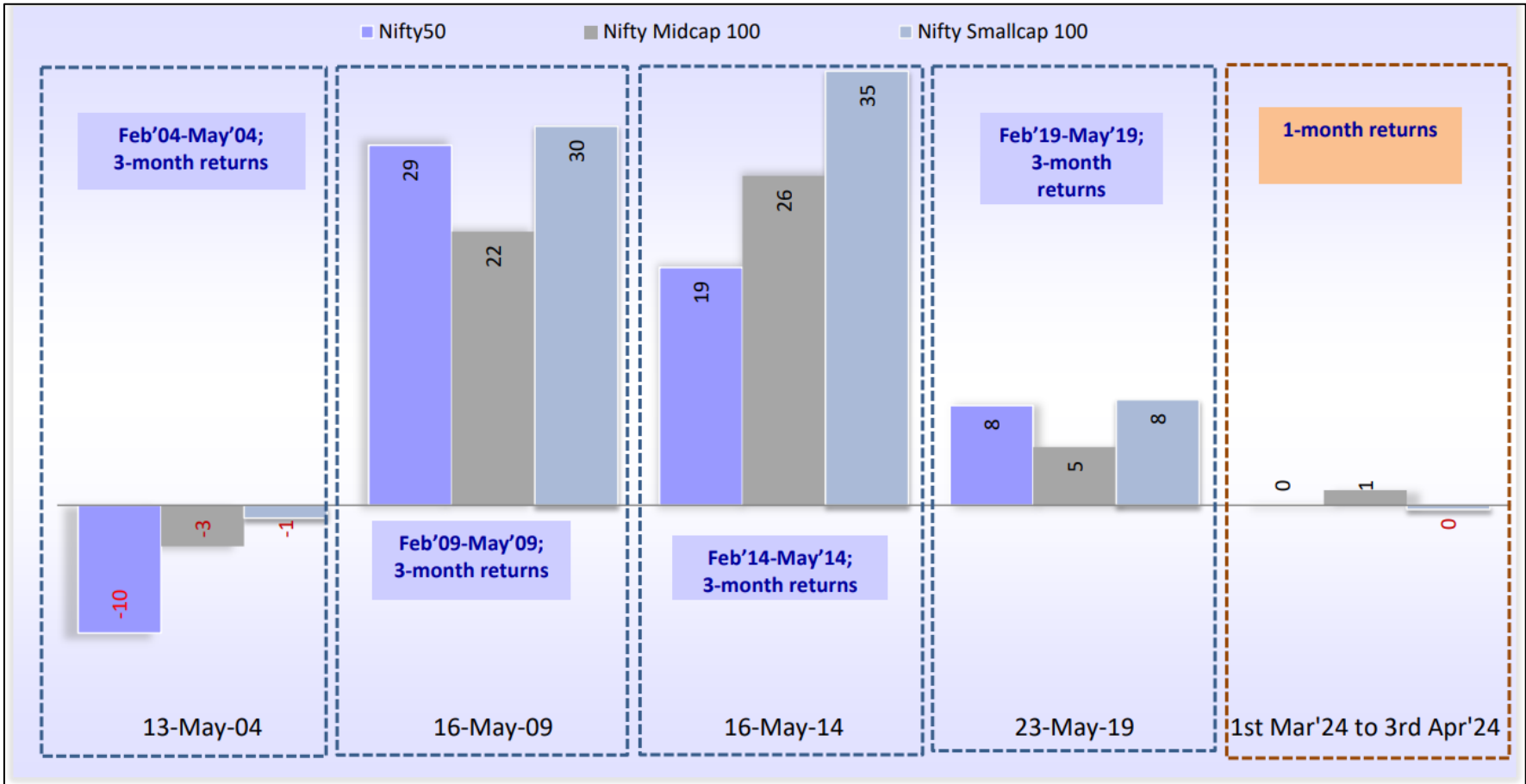
Note – Data as on 31<sup>st</sup> March, 2024

Source : Bloomberg, CEIC, NIMF Research

# Healthy market returns seen three months prior to the general election results

- Market performance has remained healthy three months prior to the Lok Sabha election results
- The performance was strong in the past three out of four general elections.

## Indices' returns YoY (%)

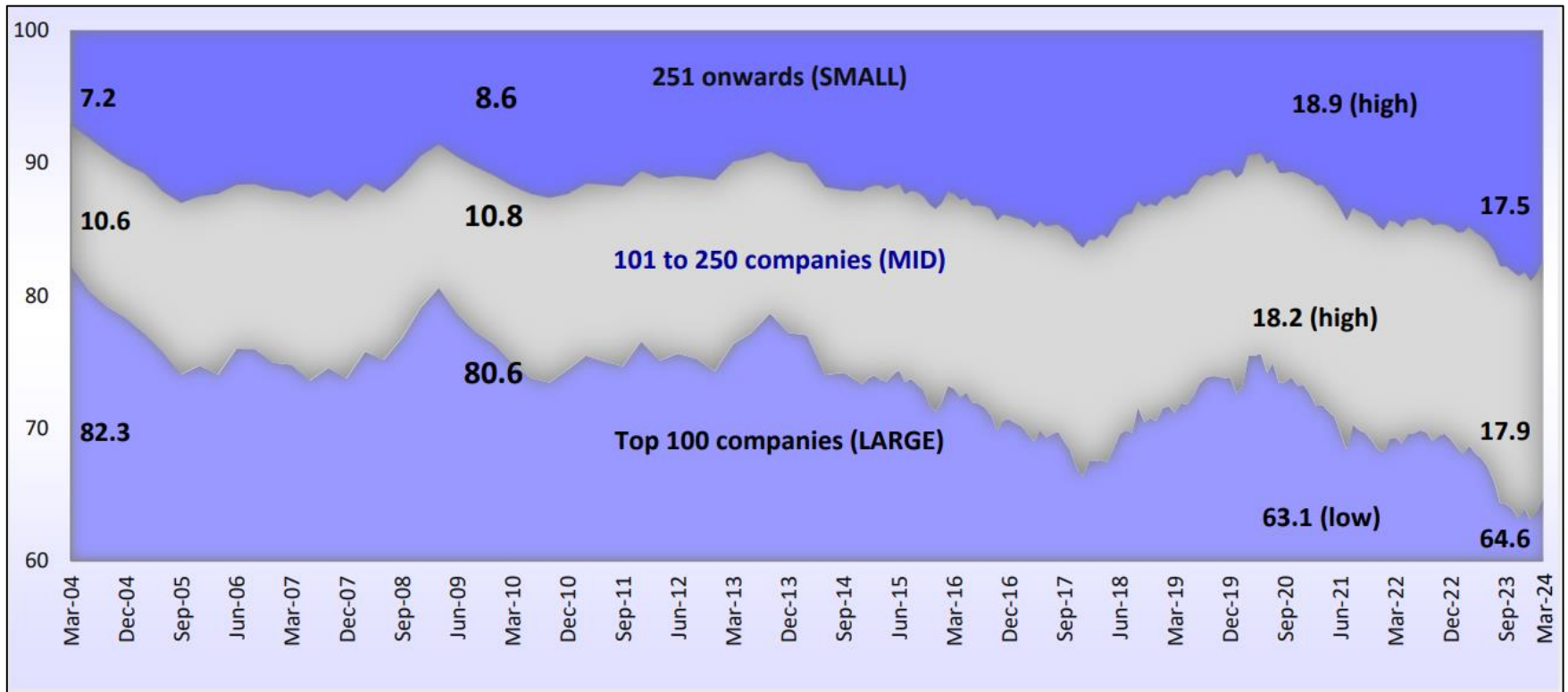


Note: - Indices returns are considered three months prior to the Lok Sabha Election results declaration date  
- 2024 LS election date is 4th June 2024. Past performance may or may not be sustained in the future.

# Mid and small cap rally takes a pause in Mar'24

- After a sharp rally in the past one year, mid and small caps underperformed large caps in Mar'24
- While mid caps recovered after the sharp fall and ended flat during the month, small caps declined 5% MoM
- Market cap of large/mid/small cap companies was +40%/+63%/+83% during Apr'23-Feb'24, while the same was +1%/+0.1%/-5.1% MoM in Mar'24

## Market cap contribution (%)



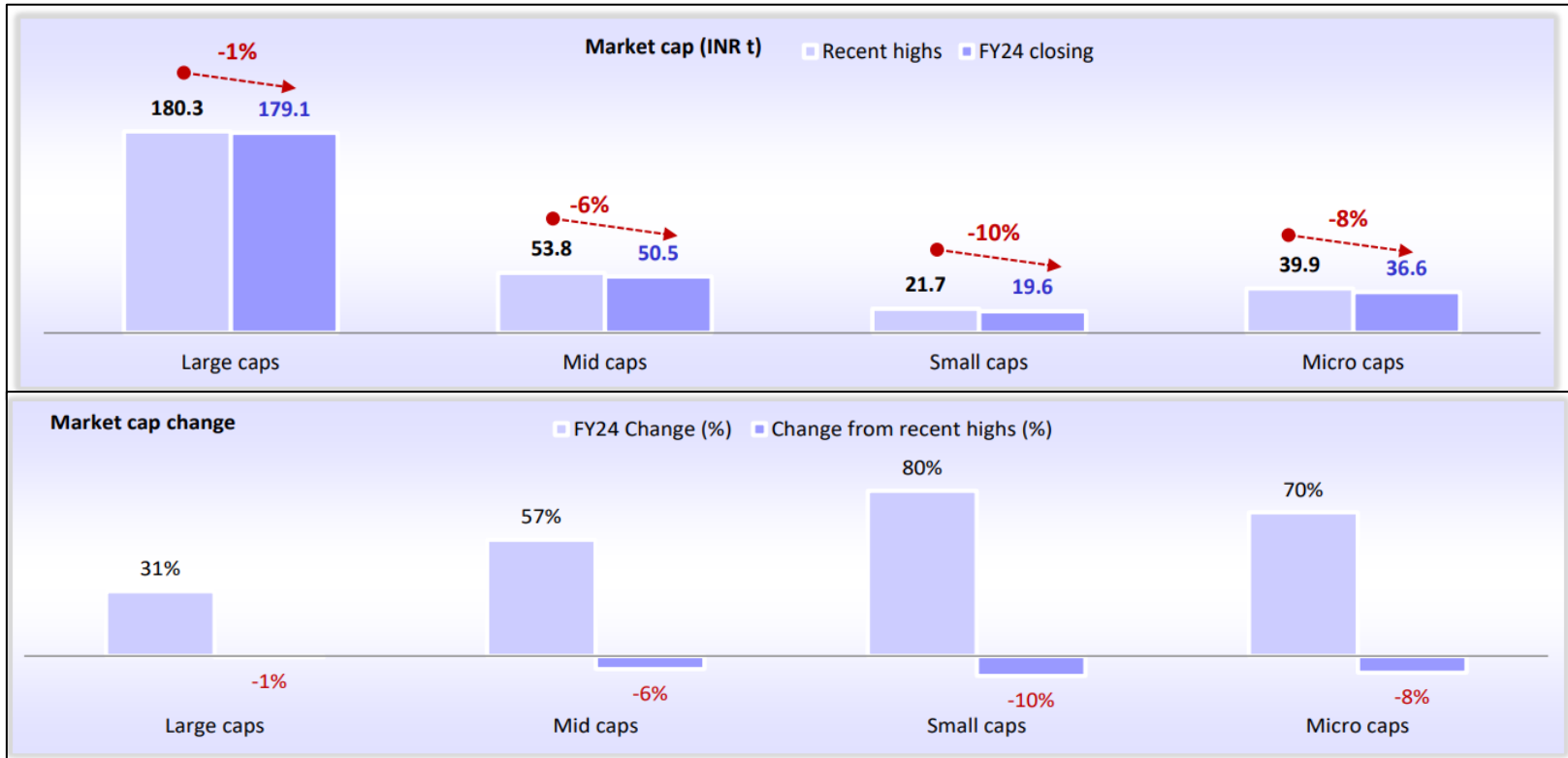
The top 100, 101 to 250, 251 onwards are in terms of market capitalizations

Note – Data as on 31<sup>st</sup> Mar,2024. Past performance may or may not be sustained in the future.

Source : Bloomberg, Ministry of Finance  
NIMF Research

# Small and micro caps witness a sharp correction from their recent highs

- Market cap for small cap and micro cap companies declined 10% and 8%, respectively, from their Mar'24 highs
- Market cap for large/mid/small/micro cap indices rose 31%/57%/80%/70% YoY in FY24.



- Stocks that are falling outside the top 500 in terms of market capitalization are usually referred to as microcap stocks. Typically, these enterprises have a market cap of under Rs 5,000 crore.

**Note** - Large caps – Nifty 50 index (peaked on 7th Mar'24) | Mid caps - Nifty Midcap 100 index (peaked on 8th Feb'24) Small caps - Nifty Smallcap 100 index (peaked on 7th Feb'24) | Micro caps - Nifty Smallcap 250 index (peaked on 7th Feb'24). Past Performance may or may not sustain in the future.

**Note**– Data as on 31<sup>st</sup> Mar,2024

Source : Bloomberg,

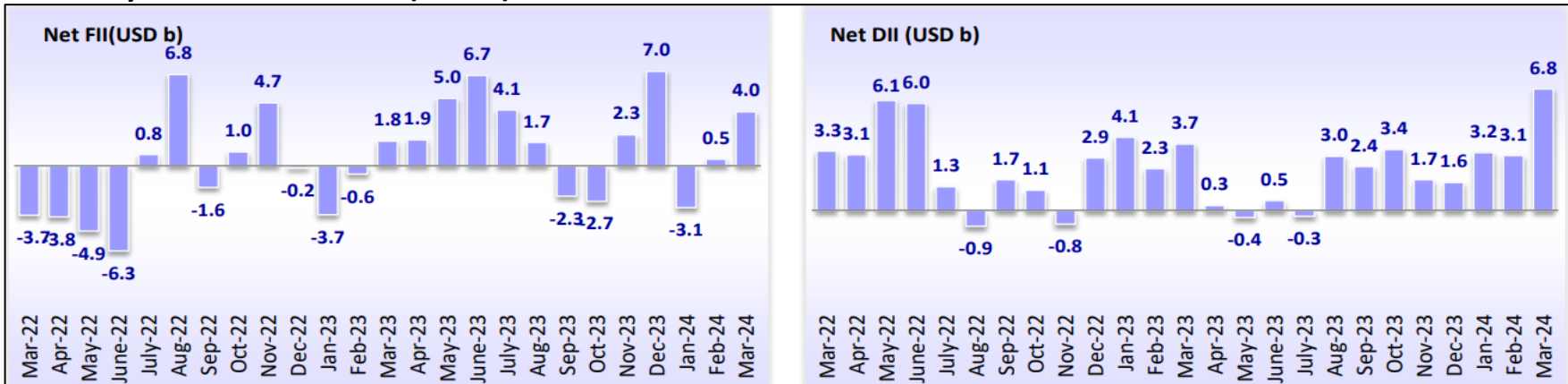
NIMF Research



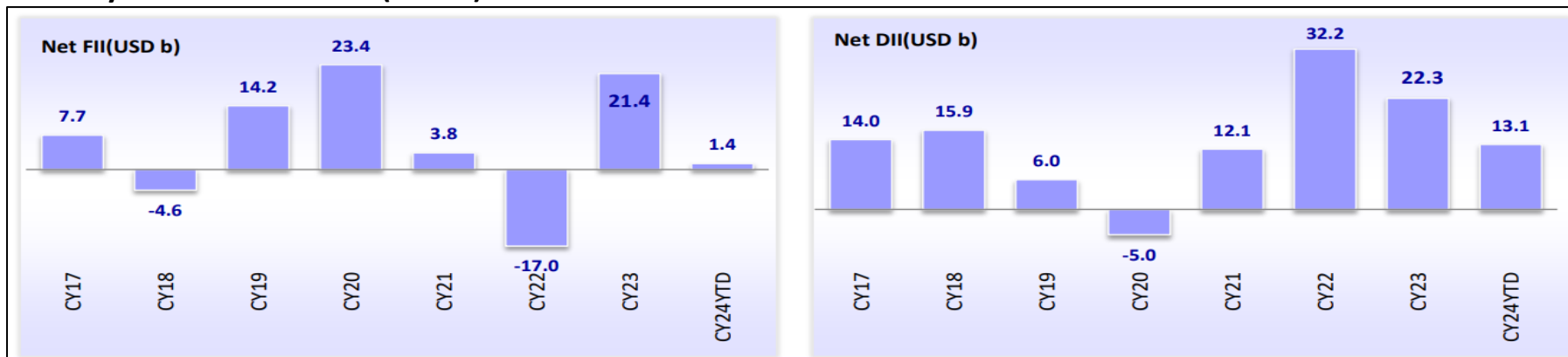
# Domestic Institutional Investors monthly flows the highest since Apr'20; Foreign Institutional Investors flows turn strong in Mar'24

- FII flows turned strong in Mar'24 with inflows of USD4.0b. FIIs remain net buyers with USD1.4b of inflows in CY24YTD.
- DII flows remained strong during the month and were at a 4-year high at USD6.8b. Net DII inflows are at USD13.1b in CY24YTD.

## Monthly institutional flows (USD b)



## Yearly institutional flows (USD b)



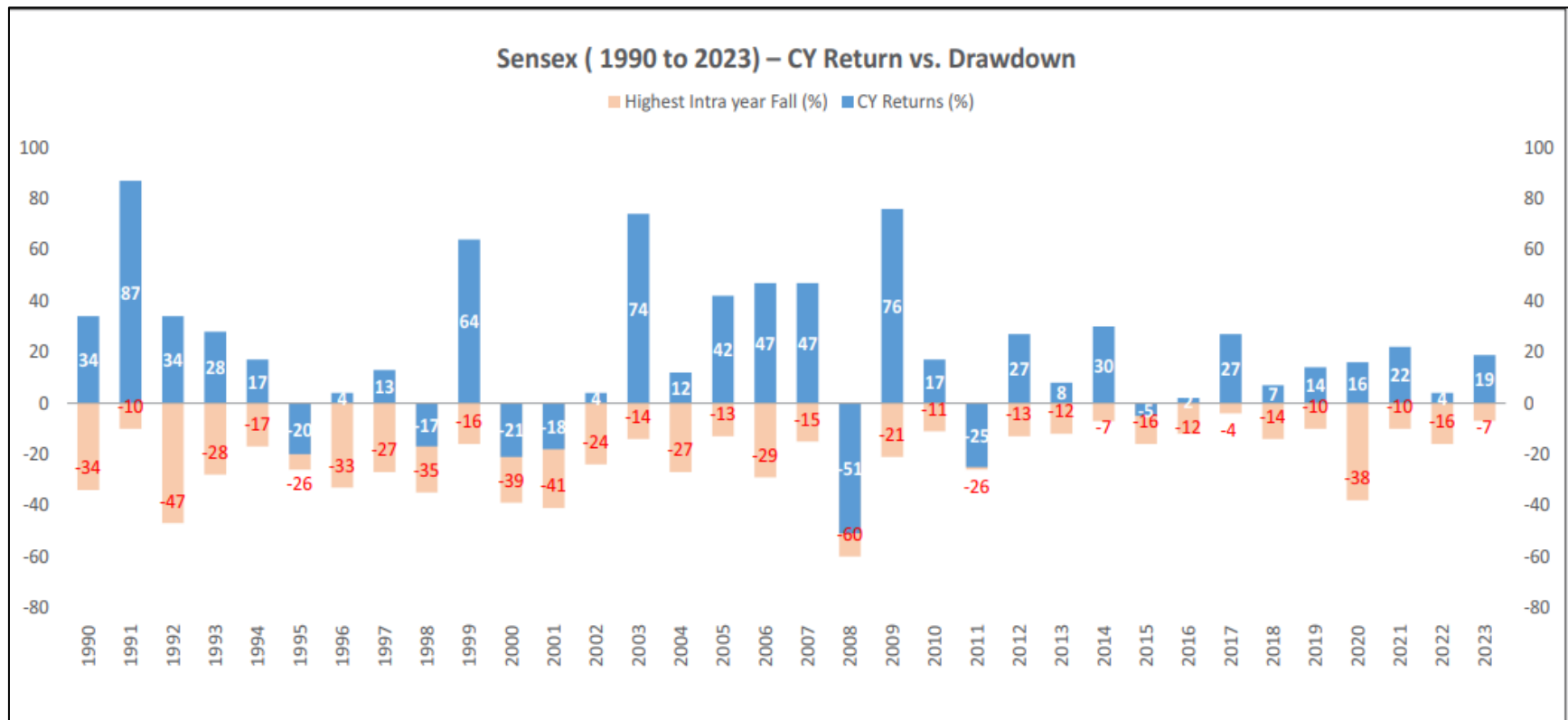
Past performance may or may not be sustained in future

Note – Data for calendar year basis

Source : Bloomberg, NSE

NIMF Research

# Intra-year Corrections and Returns



- Out of 33 years, while markets always had an interim decline, only in 7 years did the market end the year with negative returns. In other words, for 26 out of 33 years, the markets ended in positive despite the temporary decline in between.
- 10-20% Temporary drawdown is almost a given every year.

Past performance may or may not be sustained in future

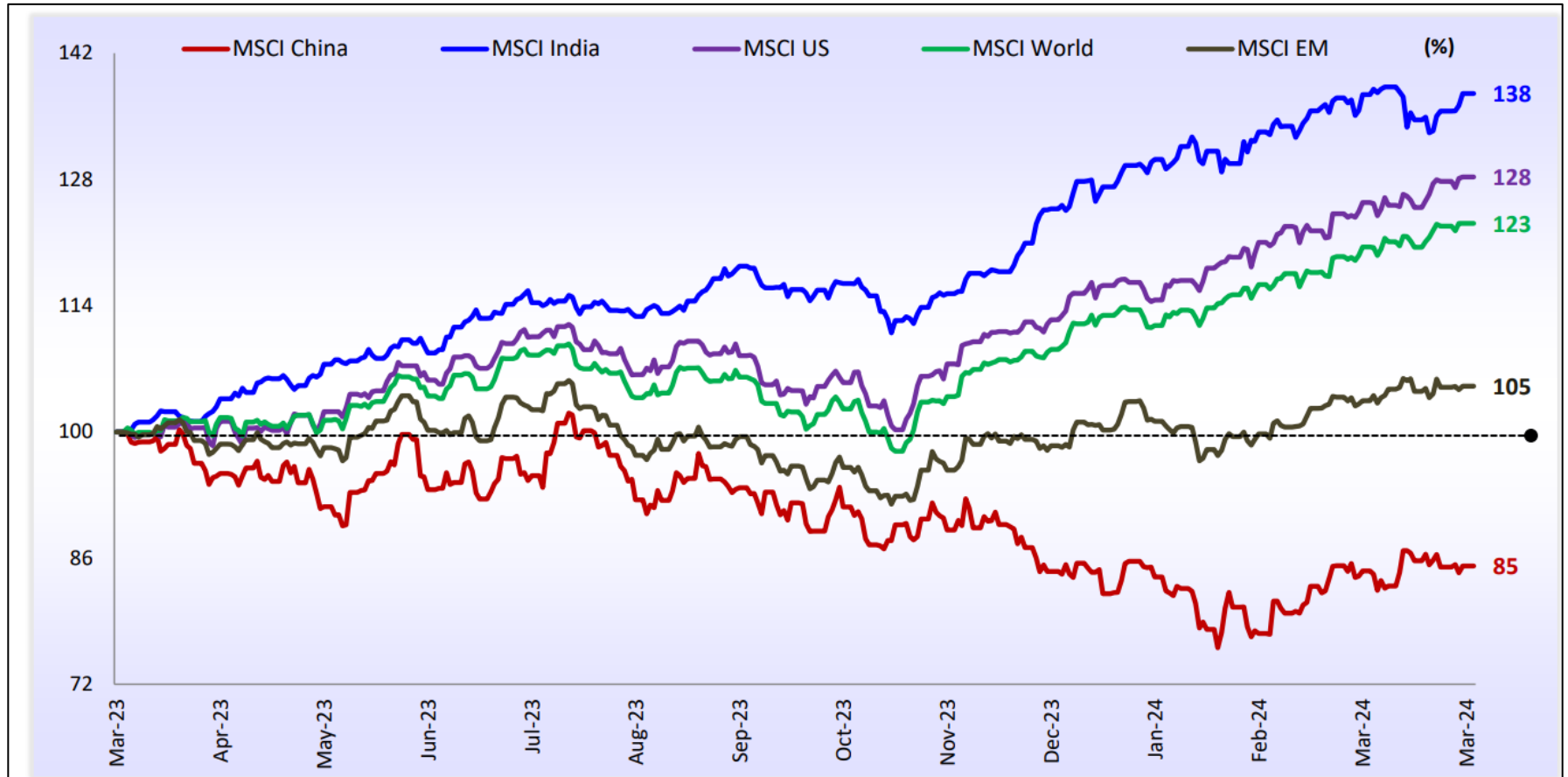
Note – Data as on 31<sup>st</sup> Dec, 2023

Source : Bloomberg, BSE

NIMF Research

# MSCI India outperforms global markets in the last one year

- Performance of the MSCI India index vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China indices, in USD terms



\*Indices rebased to 100

Note – Data as on 31<sup>st</sup> March, 2024

Source : Bloomberg, MSCI,

NIMF Research

# Equity View March 2024 and Outlook

- Indian economy continues to remain robust supported by demographic tailwinds, policy and structural reforms. Key lead indicators like tax collections, industrial activity, power demand continues to be buoyant.
- Moderating inflation, pick up in the private sector capex are also positive drivers. India is emerging to be destination of choice for global investors given the favorable macros, expectations of policy continuity etc. and we may see increased inflows.
- While the larger construct looks positive in India, valuations continue to remain elevated at a broad level with some exceptions like Large Banks, select utilities, commodities etc.
- Going forward the sentiment appears to be buoyant supported by India's relatively better macros, earnings outlook for India remains strong relative to emerging markets, driven by healthy credit demand and robust high-end consumption demand, possibility of higher foreign flows and the narrative around policy continuity in the upcoming general elections.
- We believe Large Cap oriented strategies across Large Cap and Flexi/Multi Cap categories appear to be better placed on a risk- reward basis while Asset allocation products can help to manage the downside risks.
- Asset allocation in line with investment goals and risk appetite is important for better risk – return optimization. Herein asset allocation funds can help in lowering volatility and provide better balance to the overall portfolio mix.

# Nippon India Vision Fund

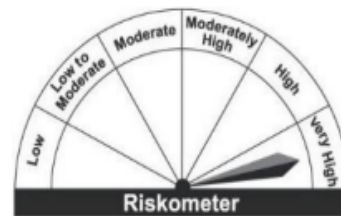
(An open ended equity scheme investing in both large cap and mid cap stock)

**This product is suitable for investors who are seeking\***

- Long term capital growth.
- Investment in equity and equity related instruments of large cap & mid cap companies through a research based approach.

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

**Nippon India Vision Fund**



**Riskometer**  
Investors understand that their principal will be at Very High risk

**Nifty LargeMidcap 250 TRI**



**Riskometer**  
Benchmark Riskometer is at Very High risk

**Good gets better**

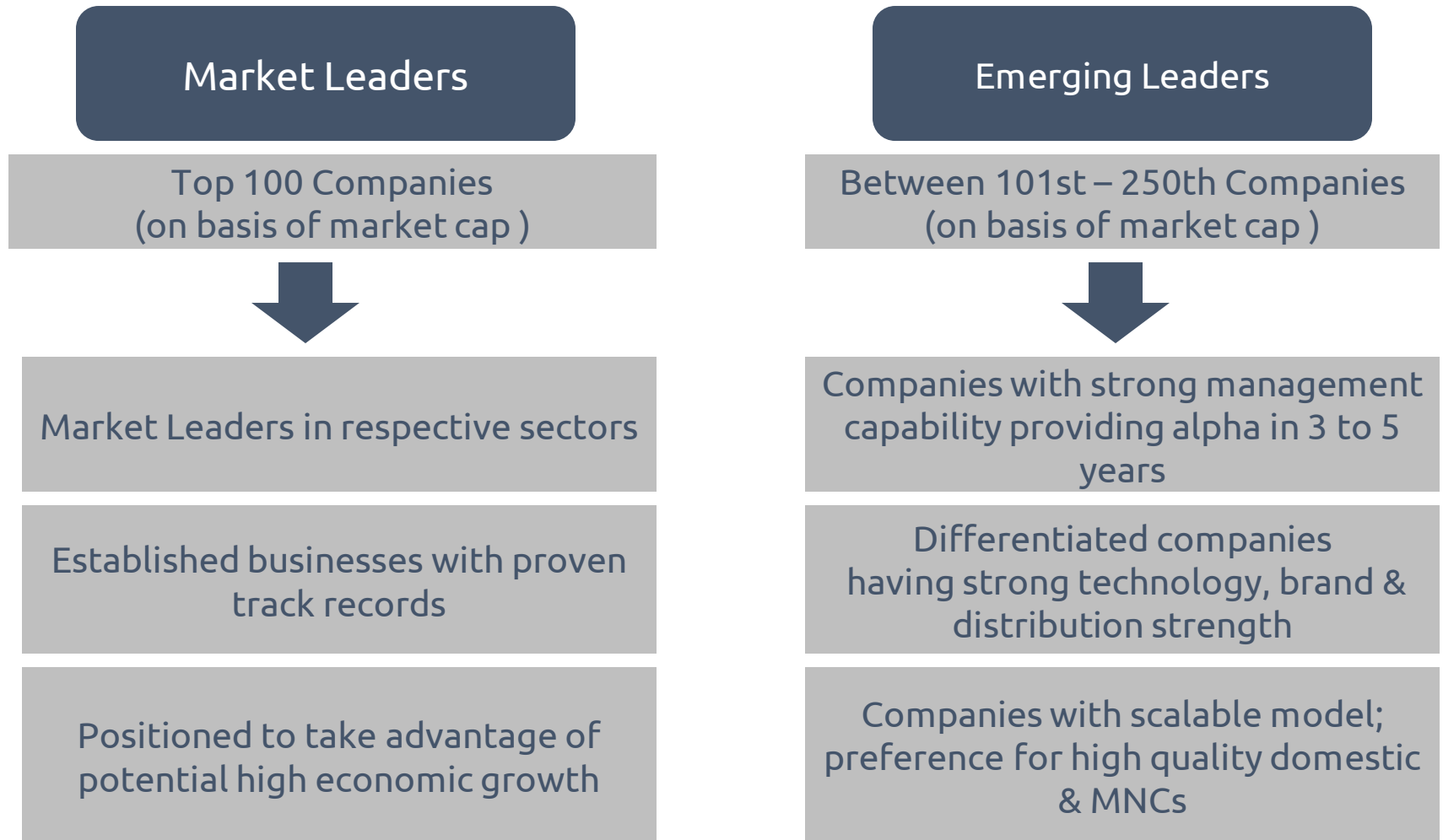
# Nippon India Vision Fund - Fund Positioning

- Large & Mid Cap fund investing in Established and Emerging market leaders
- Focus on an opportunistic blend of
  - Market Leaders (Large Caps with Dominant market share) &
  - Alpha Creators (Scalable Mid Cap players with proven track record)
- Attempt to achieve higher consistency through 'Benchmark Awareness'
  - Deviation among top 10 stocks by weight in Index: Below 3%\*
  - Not more than 6% deviation in Largest Benchmark Sector (Financials)
- Portfolio offers optimal mix of Aggressive & Defensive plays

\*Adjusted to Large Cap Exposure

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

# Nippon India Vision Fund - Investment Framework



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

# Fund Casing Framework

Funds	Nippon India Vision Fund
Market Cap Bias	No smallcap, largecap should be 55%-65% and midcap rest
Style	Style-diversified
Maximum Sector Deviation from Benchmark	Financials 6% as per casing document
Single Stock Concentration	Maximum mid cap stock exposure 4%
Cumulative Stock Concentration	Max 45% in C, Max 5% in D
Active Share	55-70
Cash call	<7%

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.



# QoQ Sector Allocation Trend

Sector	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
Banks	14.56	15.88	16.64	17.26	18.15	20.47	17.72	17.01	16.74
IT - Software	8.87	8.34	8.88	9.06	6.44	6.70	4.79	9.73	12.73
Finance	5.87	5.03	6.40	7.46	6.71	7.16	7.04	7.79	8.24
Electrical Equipment	6.27	4.99	2.87	4.77	4.47	2.71	2.86	2.38	1.57
Automobiles	5.05	3.48	4.19	3.19	3.44	3.45	4.29	4.35	2.96
Insurance	3.28	3.21	3.39	3.24	2.91	3.09	3.19	3.26	3.05
Ferrous Metals	2.50	3.13	3.59	1.82	1.08	3.01	0.95		1.01
Aerospace & Defense	1.08	2.76	1.16	2.02	0.90	0.80	1.11	0.54	0.19
Construction	2.17	2.61	3.41	2.65	4.30	4.64	4.39	2.36	2.14
Petroleum Products	5.48	2.36	2.42	4.85	6.10	3.08	2.86	4.72	2.84
Auto Components	2.57	2.35	2.25	1.30					
Telecom - Services	0.96	2.24			0.74	0.77	0.06	1.28	1.12
Realty	2.71	1.79	1.41	2.41		0.29	0.58	0.39	0.45
Industrial Products		1.60	2.39	0.58	1.02	0.44	0.76		
Diversified FMCG	1.33	1.53	2.80	2.47	2.45	2.99	1.97	1.79	1.49
Agricultural Food & other Products	0.67	0.51					1.02	0.99	0.99
Industrial Manufacturing									0.63
Chemicals & Petrochemicals				1.30	1.50	2.07	3.49	3.09	3.45
Transport Services						0.47	0.45	0.76	0.78
Agricultural, Commercial & Construction Vehicles			1.49	2.00	1.85	1.83	1.95	2.08	1.66

The above sector names mentioned are illustrations of the fund philosophy and may not necessarily form part of the scheme portfolio  
 Note: The current fund philosophy may change in future depending on market conditions or fund manager's views. The above sector names mentioned are illustrations of the fund philosophy. The percentages are as on the end of the month. Example - Mar-24 implies 31st March 2024. The scheme may or may not have future position in the said sectors.

Source: Monthly Portfolios, NIMF

# Attribution Analysis for 3 months

## Top 5 Allocation Groups by Active Weight

Group Name	Active Average Weight (%)	Attribution Total (%)
Consumer Discretionary	2.20	0.94
Utilities	2.07	0.07
Consumer Staples	1.81	0.47
Cash	1.46	-0.09
Health Care	0.34	0.12

## Bottom 5 Allocation Groups by Active Weight

Group Name	Active Average Weight (%)	Attribution Total (%)
Materials	-3.83	0.82
Financials	-2.52	-0.38
Communication Services	-1.01	0.48
Energy	-0.37	-0.51
Information Technology	-0.31	-0.42

## Top 10 Securities by Active Weight

Asset Name	Active Average Weight (%)	Attribution Total (%)
NTPC LTD	3.37	-0.21
BHARAT HEAVY ELECTRICALS LTD	3.16	0.50
JINDAL STEEL AND POWER LTD	2.86	0.44
DIXON TECHNOLOGIES INDIA LIMITED	2.49	0.28
GODREJ CONSUMER PR	1.92	0.31
HERO MOTOCORP LTD	1.71	0.17
AUROBINDO PHARMA	1.61	-0.25
TVS MOTOR COMPANY LTD	1.42	0.01
DLF	1.41	0.13
ICICI BANK LTD	1.33	0.15

## Bottom 10 Securities by Active Weight

Asset Name	Active Average Weight (%)	Attribution Total (%)
KOTAK MAHINDRA BANK LTD	-1.12	0.08
REC LTD	-1.04	-0.09
MAX HEALTHCARE INSTITUTE LTD	-1.00	-0.10
ADANI POWER	-0.97	0.18
HINDUSTAN UNILEVER LTD	-0.93	0.14
YES BANK	-0.82	-0.06
TUBE INVESTMENTS OF INDIA LIMITED	-0.73	0.01
INFOSYS LTD	-0.69	0.02
TATA MOTORS LTD	-0.68	-0.14
HDFC ASSET MANAGEMENT CO LTD	-0.68	-0.09

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. For complete details on Holdings & Sectors, please visit website <https://mf.nipponindiaim.com>. Data as on 31<sup>st</sup> March 2024.

# Current Positioning and Rationale

- With rapidly advancing technologies, rising consumer expectations and incomes the consumer industry is on the cusp of substantial change.
- There could be a positive outlook for Power demand along with transition seen in the energy segment in context to utilities
- Domestic discretionary consumption has seen some softness, considering expansion plans and size of opportunities.
- Underweight stance on financials primarily due to stock reallocation and lack of quality names in the small cap space

Sector	Overweight/Underweight	
Consumer Discretionary	3.10	
Consumer Staples	1.85	
Utilities	1.60	
Real Estate	0.41	
Energy	0.28	
Information Technology	0.27	
Industrials	-0.15	
Health Care	-0.35	
Communication Services	-1.77	
Financials	-2.47	
Materials	-4.62	

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

Data as on 31<sup>st</sup> Mar 2024

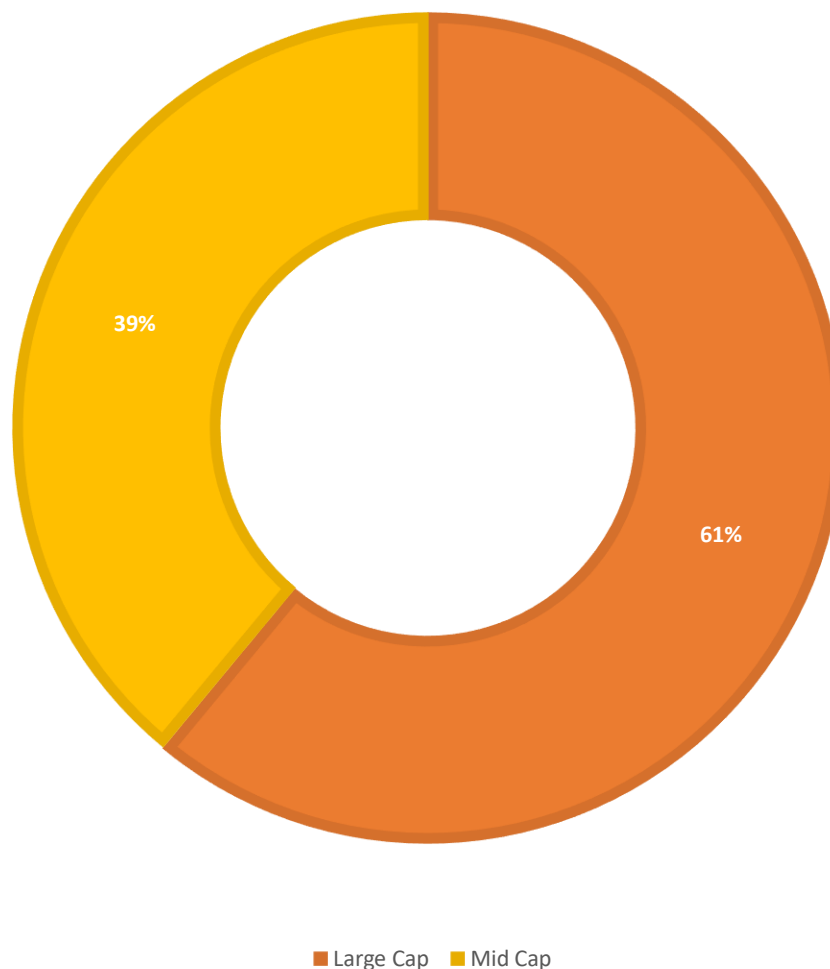
# Portfolio Details (As on Mar 31, 2024)

Top 10 Holdings	Weightage
Reliance Industries Limited	5.48%
HDFC Bank Limited	5.24%
ICICI Bank Limited	4.52%
Dixon Technologies (India) Limited	3.15%
Bharat Heavy Electricals Limited	2.91%
NTPC Limited	2.71%
Larsen & Toubro Limited	2.17%
Godrej Consumer Products Limited	2.12%
Aurobindo Pharma Limited	2.01%
Hero MotoCorp Limited	1.97%

Top 10 Sectors	Weightage
Banks	14.56%
IT - Software	8.87%
Electrical Equipment	6.27%
Pharmaceuticals & Biotechnology	6.17%
Finance	5.87%
Petroleum Products	5.48%
Consumer Durables	5.45%
Automobiles	5.05%
Power	4.18%
Auto Components	3.43%

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# Market Cap Allocation



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Data as on 31<sup>st</sup> March 2024

# Scheme Performance

NAV as on March 28, 2024: ₹1,207.2514				
Particulars	CAGR %			
	1 Year	3 Years	5 Years	Since Inception
Nippon India Vision Fund	47.41	21.77	18.13	18.32
B:Nifty LargeMidcap 250 TRI	46.28	21.81	19.46	NA
AB:S&P BSE Sensex TRI	26.66	15.57	15.10	12.86
<b>Value of ₹10000 Invested</b>				
Nippon India Vision Fund	14,709	18,037	23,014	1,207,264
B:Nifty LargeMidcap 250 TRI	14,598	18,053	24,338	NA
AB:S&P BSE Sensex TRI	12,650	15,423	20,205	314,011
<b>Inception Date : Oct 8, 1995</b>				
<b>Fund Manager : Amar Kalkundrikar(Since Jun 2021), Aishwarya Deepak Agarwal (Since Jun 2021)</b>				

Performance as on March 31, 2024

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

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.

Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan). Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement. **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. Face value of scheme is Rs 10/- per unit. 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.

# Performance of Other Schemes managed by Amar Kalkundrikar

Scheme Name/s	CAGR %					
	1 Year Return		3 Years Return		5 Years Return	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Nippon India Consumption Fund	40.47	42.95	24.26	20.70	21.61	17.17
Nippon India Balanced Advantage Fund	24.34	22.79	12.46	12.11	11.31	12.68

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).

Mr. Amar Kalkundrikar has been managing Nippon India Consumption Fund since Oct 2020 and Nippon India Balanced Advantage Fund since Oct 2020

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Source : MFI Explorer, As on March 31, 2024

# Performance of Other Schemes managed by Aishwarya Agarwal

Note:

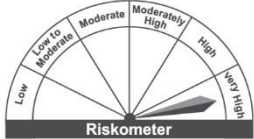
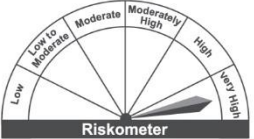
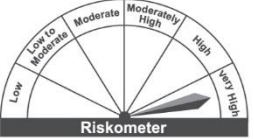
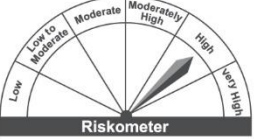
- a. Aishwarya Deepak Agarwal manages 1 open-ended scheme of Nippon India Mutual Fund.
- b. In case the number of schemes managed by a fund manager is more than six, performance data of other schemes, the top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- c. Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- d. Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan).

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Source : MFI Explorer, As on Mar 31, 2024



# Product Labels

<b>Nippon India Consumption Fund</b> (An open ended equity scheme following consumption theme)	<b>Fund Riskometer</b>	<b>Benchmark Riskometer</b>
<p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investment in equity, equity related securities of companies that are likely to benefit directly or indirectly from domestic consumption led demand</li> </ul> <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p><b>Nippon India ETF Consumption</b></p>  <p><b>Riskometer</b> Investors understand that their principal will be at Very High risk</p>	<p><b>Nifty India Consumption TRI</b></p>  <p><b>Riskometer</b> Benchmark Riskometer is at Very High risk</p>
<b>Nippon India Balanced Advantage Fund</b> (An open ended dynamic asset allocation fund)	<b>Fund Riskometer</b>	<b>Benchmark Riskometer</b>
<p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investment in equity &amp; equity related instruments, debt, money market instruments and derivatives</li> </ul> <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p><b>Nippon India Balanced Advantage Fund</b></p>  <p><b>Riskometer</b> Investors understand that their principal will be at Very High risk</p>	<p><b>CRISIL Hybrid 50+50 - Moderate Index</b></p>  <p><b>Riskometer</b> Benchmark Riskometer is at High risk</p>

# Disclaimer

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