

Nippon Life India
Asset Management-
Small & Mid Cap Fund

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Good gets *better*

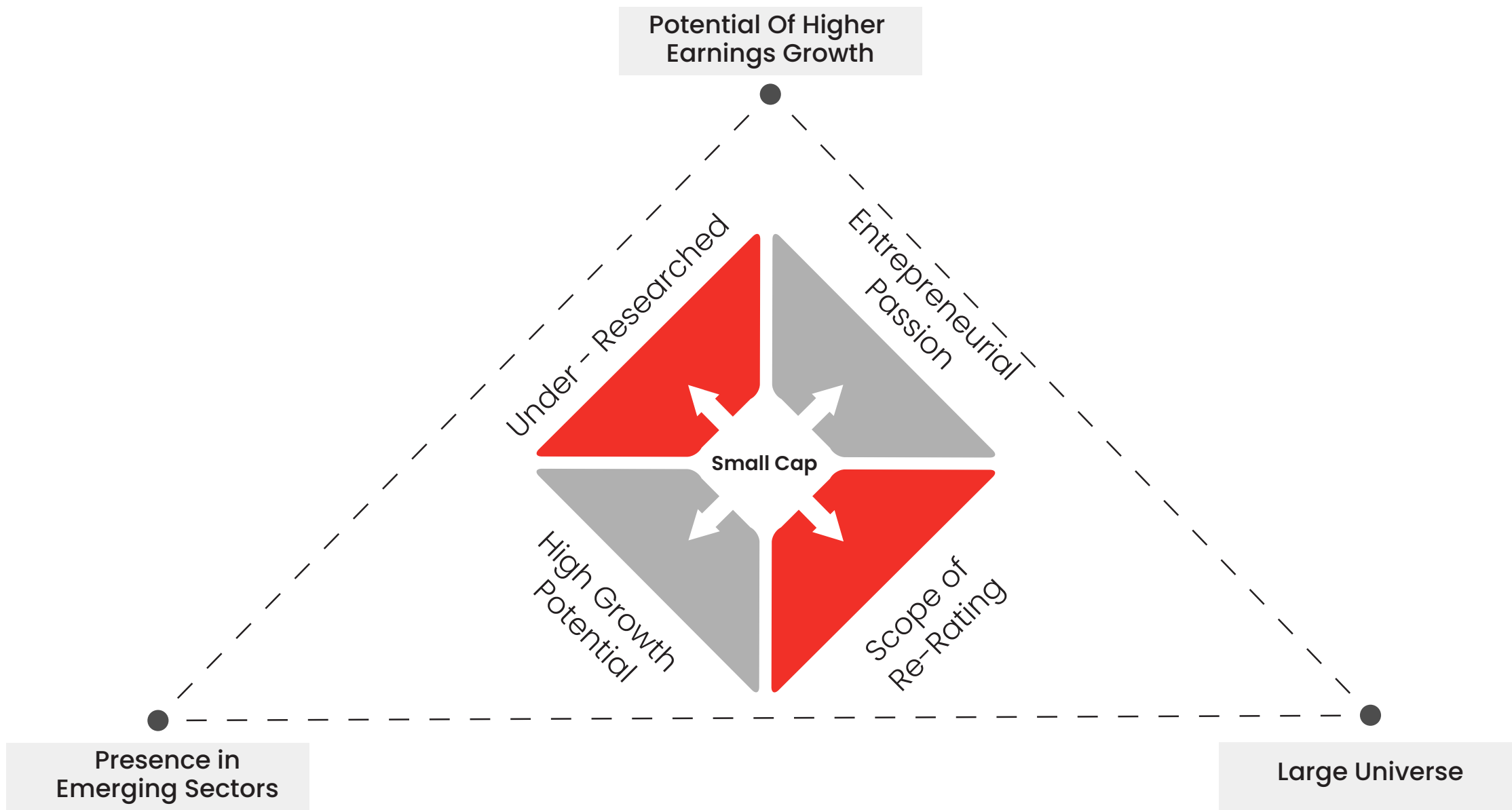


India
Small Cap
Investing

The Indian Small Cap Space Explained

- ▶ Total number of stocks currently being traded on the Indian bourses is ~5300 which is ~USD 3.3 Tn. in Market Cap.
- ▶ As per the Indian market regulator Securities and Exchange Board of India (SEBI), top 100 stocks based on Market Capitalisation are considered as Large Cap Stocks.
- ▶ Mid-Caps are the next 150 stocks, and the remaining are categorised in the Small Cap Category.
- ▶ The Small Cap Category thus comprises of ~4750 listed company stocks which is close to ~USD 400 Bn. In Market Cap.
- ▶ ~900 stocks in the Small Cap space are not tracked by any sell side brokers.
- ▶ NAM India is privilege to have a dedicated 4-member team specialising and researching only on the Small Cap space.
- ▶ The team continuously aims to seek “Super Ideas” which is a highest conviction idea with potential to double in three years.
- ▶ Our strong research and investment strategy is a testament to fund’s outperformance and having the privilege of hosting the largest Small Cap Fund in the Indian Mutual Fund Space.

Key Benefits Of Investing In Indian Small Caps

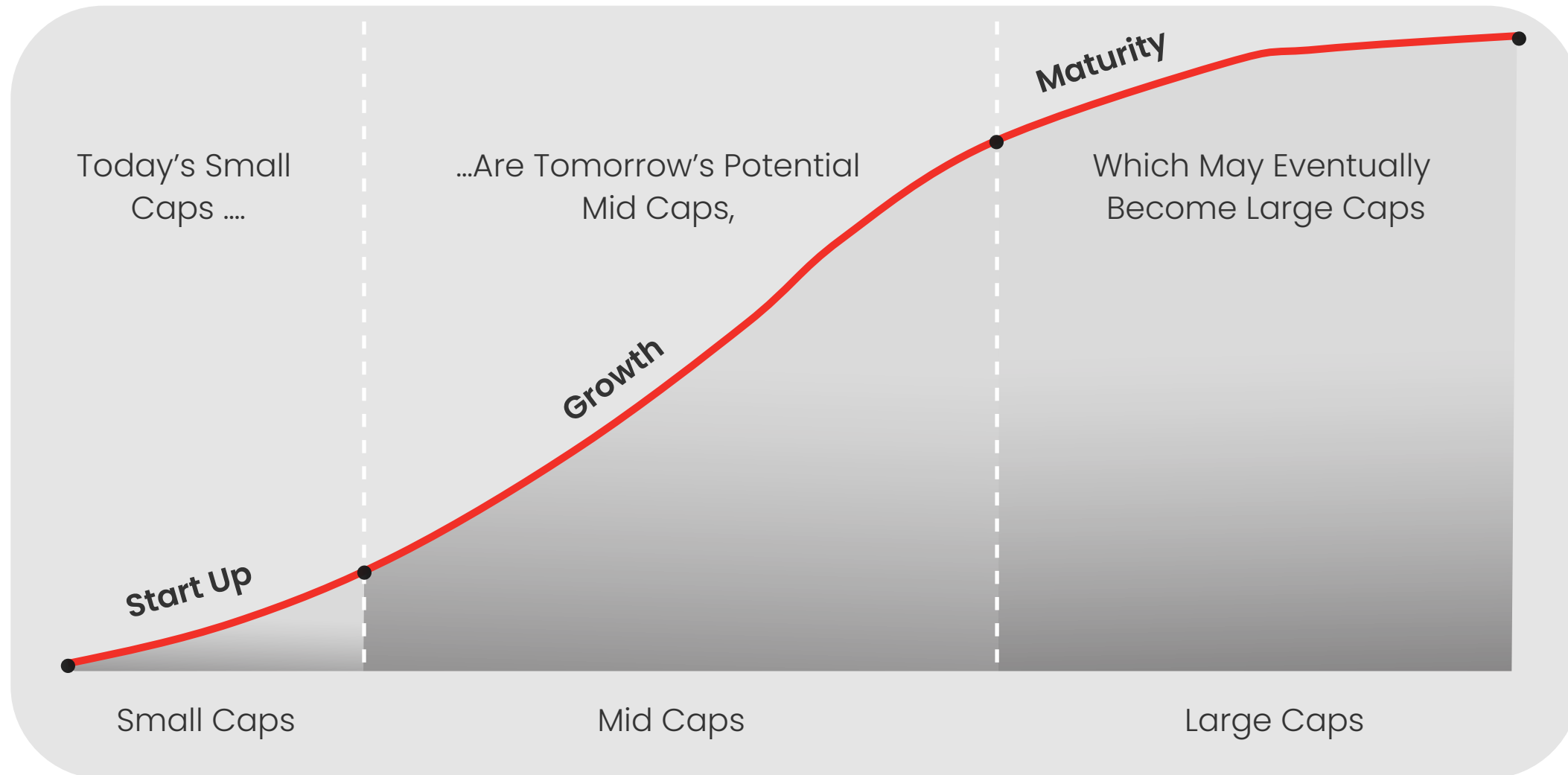


What Differentiates Small Caps from Mid and Large Caps?

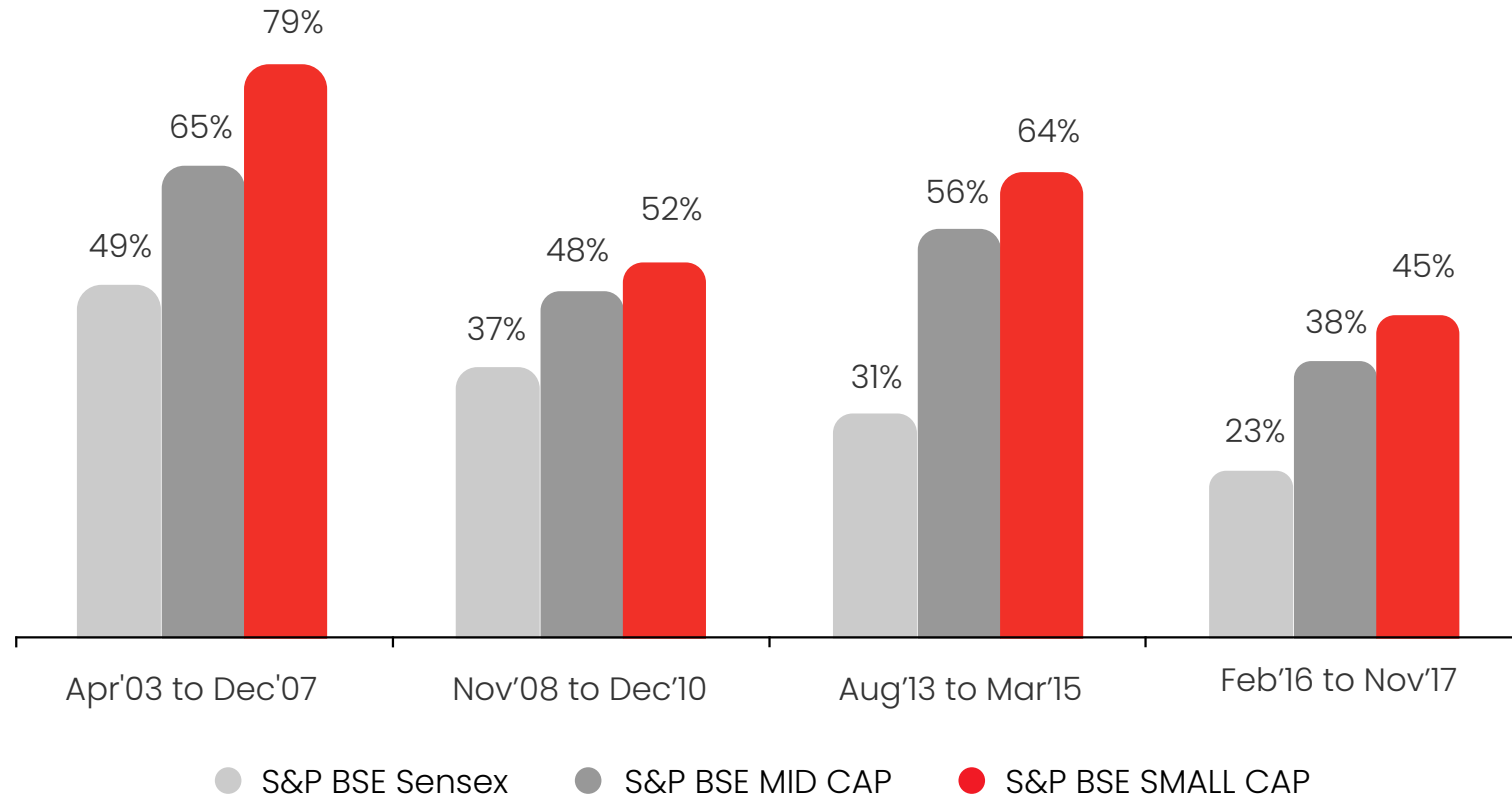
	Small Caps	Mid Caps	Large Caps
Entrepreneurial Passion	High	Moderate	Low
Research Available	Low	Moderate	Large
Institutional Ownership	Low	Moderate	Large
Valuation Multiple	Low	Moderate	Fair
Re-Rating Potential	High	Moderate	Moderate
Scalability	High	Moderate	Moderate

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

Emergence of Small Caps to Large Caps



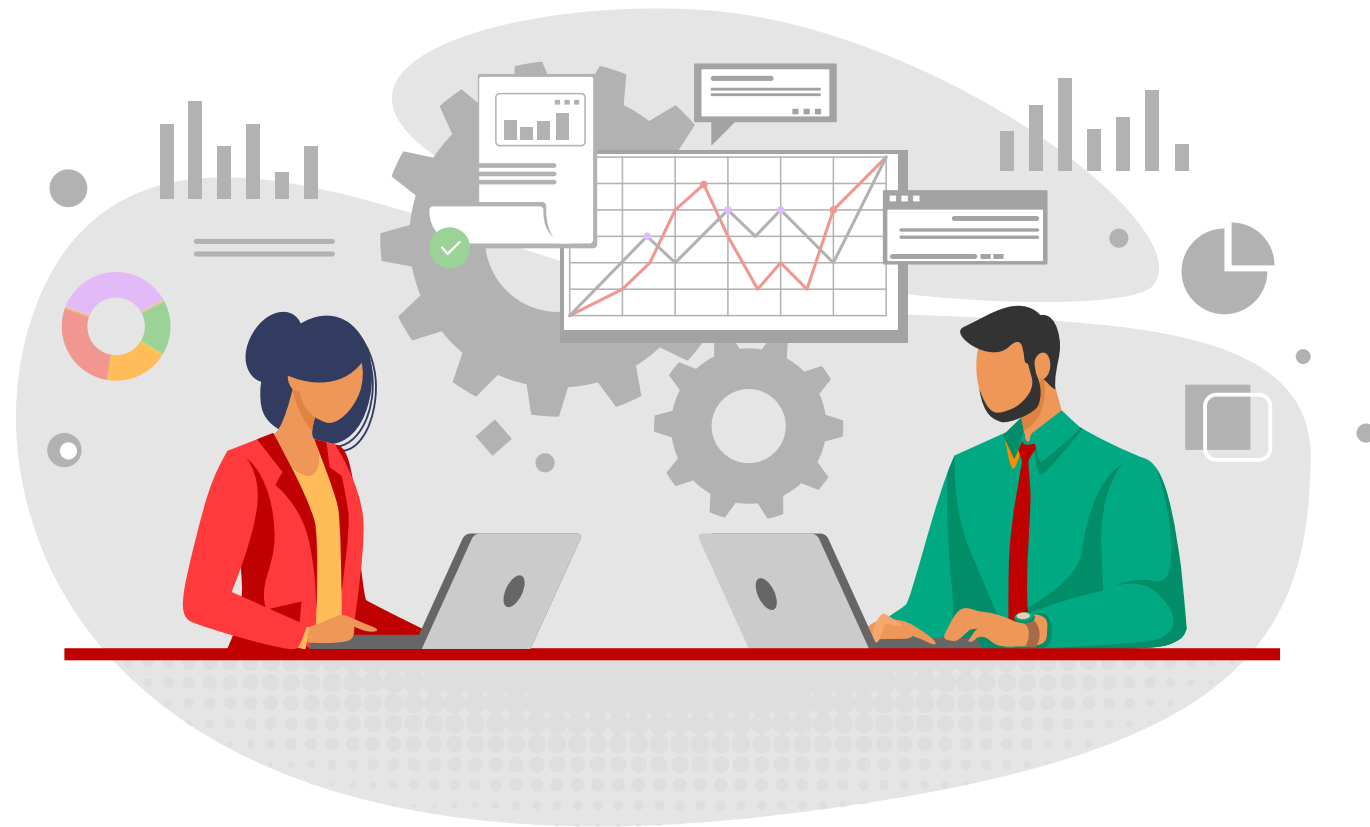
Mid & Small Caps Outperform In Uptrend Phases



- ▶ Small cap stocks tend to relatively out-perform during bull markets as seen in the past.
- ▶ In previous bull markets they have given much higher return as compared to broader indices.

Note: The returns mentioned above are compounded annualized INR returns. Only select periods have been considered in making the above graph wherein the markets were up-trending. In down-trending markets, small caps may perform differently from the above depicted data. Past performance may or may not be sustained in future.

Source: MFI Explorer



NAM India Fund Management Expertise

Strong Processes – Differentiated Investment Approach

550 Stocks Covered

28 member Equity
Investment Team

~400 Man years in Capital
Markets & ~150 years with NAM India

Investment philosophy: Growth at Reasonable Valuations

Focus on Long Term Wealth Creation: Several Businesses held > 5-7 years

Strong Emphasis on In-house Research to create differentiated positioning

Specialised Research – Macro Economic, Fundamental, Sector & Quant

Support Systems – KMS, Quant Tools, Analyst KPI linked to Idea Sharing



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Robust Research Process

- ▶ **Research Team split into two:**
 - Separate Small Cap Team (covering stocks beyond top 300 stocks primarily)
 - Sectoral Team (covering top 300 – 350 stocks by market cap)
- ▶ **Number of stocks per analyst: 40 – 45**
- ▶ **Analyst output systems to capture calls of varying levels of conviction.**





NAM India

Small Cap Fund

Investment Framework

And Strategy



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Nippon India Small Cap Fund – Investment Framework

Small cap fund focusses on potential future winners



Bottom-up, benchmark-agnostic, diversified investment approach to generate alpha in the small cap space

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

Investment Strategy – Long Term Investment Approach

- ▶ **Relatively high risk/ relatively high return fund:**
 - Allocation to small cap stocks – maximises return potential
 - Tactical allocation to other market caps – aims to minimise risk
- ▶ **Right Risk:**
 - Focus on good quality Co's with scalable businesses and strong managements currently ignored due to non-fundamental reasons. i.e. 'Right Risk' without compromising on quality.
- ▶ **Bottom Up investing:**
 - Attempt to identify winners across sectors/themes
- ▶ **Sustained Alpha:**
 - Differentiated investments in unique high conviction ideas, driven by internal research capabilities – 'Exclusive Alpha'
 - Opportunistic investments to benefit from new or changing trends
- ▶ **Risk Management:**
 - Focus on ideas with high margin of safety
 - Well diversified portfolio across stocks and sectors
 - Exposure to a single stock not more than 5%
 - Investments are held over longer time periods to smoothen volatility

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

Diversified Portfolio Across Investment Themes

▶ **High Growth:**

Good quality companies with reasonable size across range of growth sectors.
Will be the core portfolio which can give better than market returns

▶ **Economic Revival:**

Themes which can benefit from economic revival and govt. policy actions

▶ **Thematic plays:**

Bets on changing consumption habits, global trends, etc.

▶ **Value investments:**

Investments in quality companies available at significant discount to core value and which can turnaround over the medium term

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

Upcoming – UCITS Mid-Small Cap Strategy

1. Strategy will be inclined towards the Indian Mid and Small Caps.
2. Benchmark Index – MSCI India Small and Mid Cap (SMID) Index
3. Strategy aims to generate higher alpha by investing into the India Mid and Small Cap space.
4. Expected launch date – Tentative launch February 2024.
5. Intend to use NAM India expertise in the Indian Mid and Small Cap space.
6. NAM India manages the largest Mid Cap Fund and Small Cap Fund in the Indian Mutual Fund Space.
7. NAM India Small Cap Fund AUM ~USD 4 Bn.
8. NAM India Growth Fund (Mid Cap Strategy) AUM~USD 2Bn



Nippon India Funds

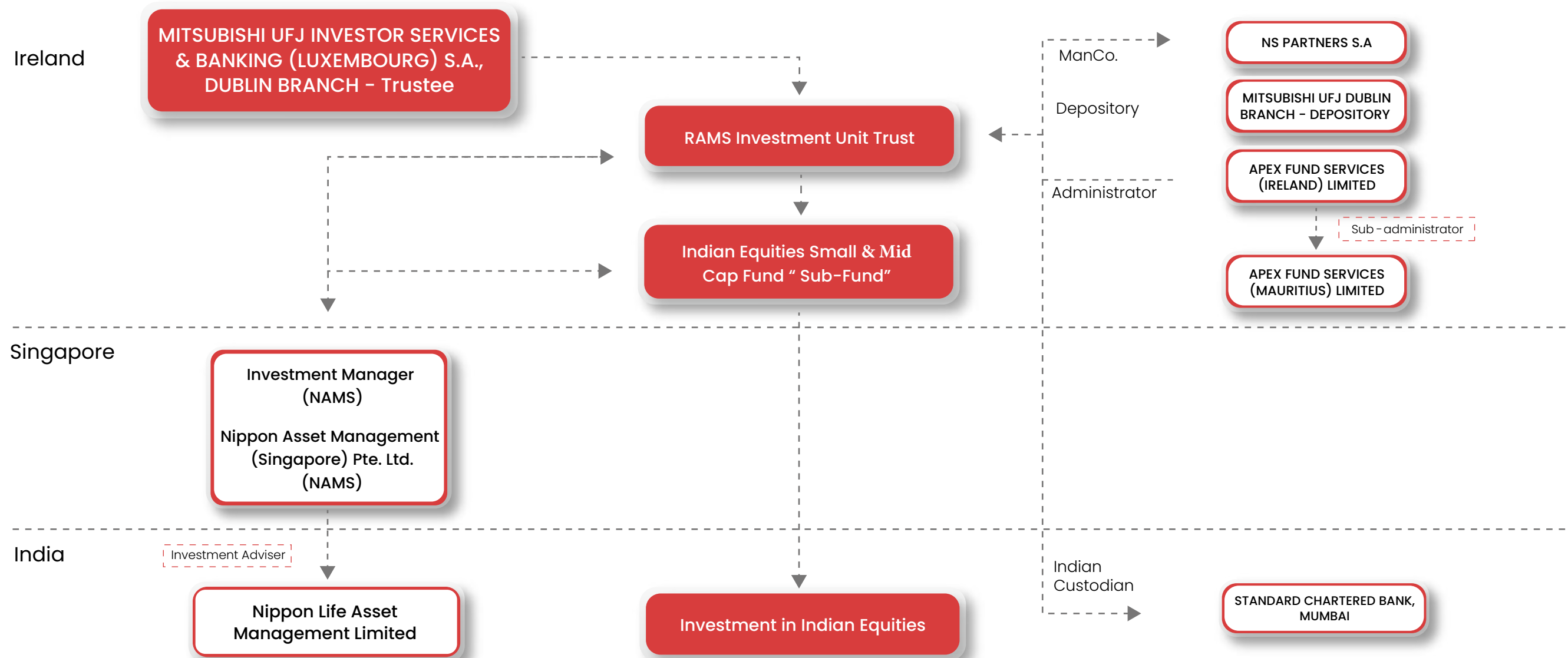
Wealth sets you free

Proposed – UCITS Fund Structure

- ▶ The fund will be domiciled in Dublin and will be managed out of our Singapore office which is Nippon Life India Asset Management (Singapore) Pte. Ltd. (NAM Singapore)
- ▶ Based on the advisory agreement between NAM India and NAM Singapore the fund manager based out of Singapore will receive the required advise to manage this strategy in line with the domestic NAM India Small Cap Fund Strategy.
- ▶ Kindly refer the next slide for the proposed fund structure diagram and team details.



Proposed – UCITS Fund Structure



Team



SULABH JHAJHARIA

Portfolio Manager
NAM-Singapore

Has over 15 years experience with 12 years experience in Indian equities, is currently managing the UCITS and one Managed Account portfolios for NAM – Singapore.

Has been with the organization since its inception in Singapore and has been through the whole life cycle of its India India Equity Growth Fund (IEGF), where he played a key role in fund management and research functions. Has worked in Citibank Global Consumer Investments group and with Infosys Technologies on various assignments for financial institutions.

Holds an MBA in Finance from NUS Business School, Singapore and has a B.Tech in Computer Engineering from IP University, Delhi. He is also a CFA charter holder.



SAMIR RACHH

Equity Research Lead
NAM India

Samir has over 30 years of experience in Equity Research and Fund Management in India and has been associated with Nippon Life Asset Management Limited since 2007. Samir manages one of the largest Small Cap scheme under equity funds in India. Nippon India Small Cap Fund (since year 2010 – ~AUM USD 2856 Mn). Along with this he is also managing the offshore equity mandate of USD 800 Million from a Sovereign Wealth Fund.



SAILESH BHAN

NAM India
CIO Equity

Possess a rich experience of over 25 years in equity research and fund management.

He has been associated with NLIAM since 2004 and manages some marquee offerings which are largest funds in their respective categories like Nippon India Multi Cap Fund and Nippon India Pharma fund along with Nippon India Large Cap Fund.

Each of these funds have a well-established track record with long vintage and have been managed by Sailesh Bhan since inception till date. Apart from the supervisory purview of over USD 15 Bn equity AUM, Sailesh personally manages equity assets of over USD 3.5 Bn.



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Proposed – UCITS Fund Share Classes

Retail Share Classes:

USD A
Share Class
JPY A
Share Class
SGD A
Share Class

Institutional Share Classes:

USD I (Institutional)
Share Class
JPY I (Institutional)
Share Class
EUR I (Institutional)
Share Class

RDR Share Classes

USD RDR
Share Class
GBP RDR
Share Class





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