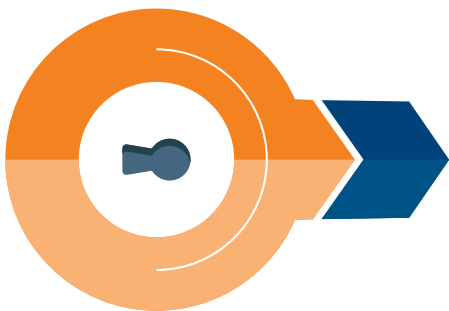
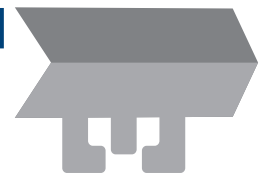




Mirae Asset Equity Investment Process



Investment Philosophy and KEY PROCESSES



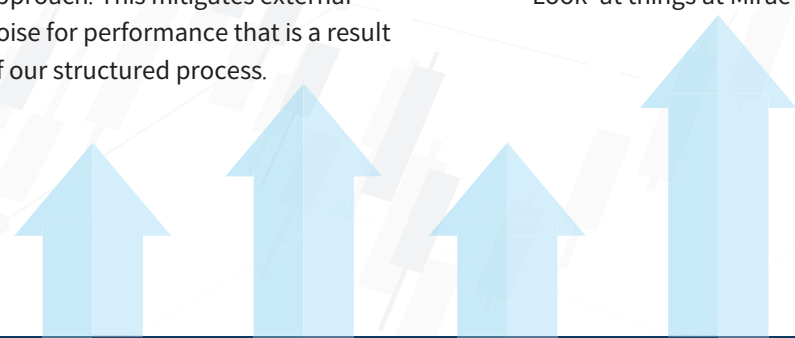
Our investment philosophy, is a set of beliefs, principles, experiences and guides our decision-making in the markets. There are three broad areas related to stock selection, portfolio construction and risk mitigation.



At Mirae Asset Mutual Fund, we aim to invest in companies with sustainable competitiveness to provide investors with capital appreciation opportunities while managing risk reasonably. Our approach involves building well-diversified portfolios through a process-driven, top-down and bottom-up stock selection approach. This mitigates external noise for performance that is a result of our structured process.



Asset management is a conviction-based business, where performance is an outcome of our stock selection and portfolio construction processes guided by our principles and philosophy. Let's delve into 'What we Look' and 'How we Look' at things at Mirae Asset.



I. Our Philosophy and related processes towards Stock selection

Our stock selection philosophy focuses on investing in quality businesses with significant growth opportunities, led by competent management, but at a reasonable valuation. We divide our stock selection process into three buckets (BMV) – Business, Management, and Valuation. Analysing these aspects is crucial for the risk-reward matrix, and we avoid outliers such as sub-par quality of business or management, and businesses with an expensive price tag. Let's understand each of these buckets in detail:

- 1. Business Selection:** We invest in sectors with substantial growth potential and identify companies positioned to benefit from this growth. We define growth businesses as those potentially growing ahead of GDP, with visibility of double-digit growth for the next 5 to 7 years, characterized by value accretive growth. Return on Capital Employed (ROCE) is an important quantitative parameter to analyse if growth is value accretive or not.
- 2. Management Evaluation:** We evaluate management based on corporate governance, capital allocation, balance sheet structure, thought leadership, and vision. Management plays a significant role in differentiating long-term wealth-creating businesses.
- 3. Valuations:** We consider profitability metrics like ROCE and primarily use valuation methods such as discounted cash flow (DCF). If the value assessed through DCF is more than the current market value, we may consider adding the business to the portfolio. This price-value gap is also known as the 'margin of safety'.
- 4. Investment Universe:** We maintain a periodic Investment Universe list, beyond which we do not invest in any Equity or Hybrid Fund (except for arbitrage or Arbitrage Portion of hybrid Funds). As of Feb-24, this list comprises around 600 stocks.
- 5. Team based approach and Research inputs:** At Mirae Asset, we adopt a team-based approach to stock ideation and maintenance coverage. Currently, we have a team of 14 members in research and fund management. We also use a unique approach called the sector neutral portfolio (SNP) approach for ideation. Each analyst formulates a sectoral portfolio indicating overweight/underweight stock positions agnostic to sector weight in the index. This objective approach helps convey stock level recommendations and aids portfolio managers in ideation and position sizing.

When is Selling usually Triggered?

Guided by legendary investor Benjamin Graham's approach on investing in businesses, our 14 Member equity research and fund management team follow long term time and mind frame while selecting companies. Nonetheless, we need to go underweight, sell or switch a stock when it has not added meaningful value for a prolonged period. Selling decisions are mostly based on the assessment of intrinsic value versus market price. Selling or switching is initiated under the following conditions:



Mutual funds are tax-efficient vehicles, so high or low churn does not have an impact on the portfolio, as long as core portfolio positions are being held for the long term.

II. Our Philosophy and related processes towards Portfolio Construction:

- 1. Stock Selection:** The key part of stock picking involves a combination of top-down and bottom-up processes etc. Portfolio construction includes multiple parallel processes, including (Sector Neutral Portfolio) SNP, internal screeners. We consider contrarian opportunities when good businesses face temporary challenges, as long as long-term prospects remain intact.
- 2. Position Sizing:** Our forward 2-3 years' fundamental views determine the strategic framework of our portfolios. Core weightings are based on risks, earnings outlook, management quality, stock liquidity, market cap, and portfolio diversification need. Tactical overlays involve actively adding or trimming positions.
- 3. Active Share at sector level:** We keep track of benchmark weights at a sector level but maintain a higher share of active weight at the stock level. This ensures that no sector, style, or theme has disproportionate weightage, while high-conviction stock ideas receive appropriate weighting for risk-adjusted performance.
- 4. Barbell Strategy:** Our portfolio generally follows a two-pronged approach, investing in both high-quality businesses at reasonable valuation as core portion and also look at "deep value/special situation" opportunities.
- 5. Contrarian Approach:** Deep in value are generally contrarian opportunities when good businesses face temporary challenges – i.e., near term is impaired, but long-term prospects remain intact.

Risk Factors at Reasonable levels:

(For diversified equity schemes having completed more than 3Y of track record)

	Jan-24	Jan-23	Jan-22	Jan-21
No Of Stocks/Issuer	72	64	62	56
Top 10 Holding %	37.8	42.0	42.4	44.7
Top 20 Holding %	56.4	60.8	61.5	64.8
Top 40 Holding %	80.6	84.9	87.2	90.6

Schemes used: Mirae Asset Large Cap Fund, Mirae Asset Large & Midcap Fund, Mirae Asset ELSS Tax Saver Fund and Mirae Asset Midcap Fund. Methodology: Average of each year of the four schemes mentioned.

III. Our Approach towards Risk Management

- 1. Mandate to Fund Manager to optimise risk:** There are periodic review of risk, as errors are an integral part of fund management; however, we distinguish between quotational loss and permanent loss. Also, portfolio diversification helps ensuring that even if a few stocks have errors related to commission, the overall long-term performance due to winners and risk mitigation owing to diversification, yet result in better performance over the long term.
 - Errors of Omission:** Skipping certain names among and within sectors could result in missed opportunities for relative performance. Most of the time these are due to our conservatism by selling too early or not buying as starting point of valuation was not favourable. The team review and analyse and sharpen tools to avoid such errors in future.
 - Errors of Commission:** Holding underperforming stocks with relatively higher weightage could lead to underperformance. Active fund management focuses more on errors of commission. We are long-term investors, and our holding period in general is more than 2-3 years, so quotational losses, i.e., underperformance of stocks in the near term, are ignored.
- 2. Portfolio companies Review:** We regularly review portfolio stocks post quarterly and annual results or on the occurrence of macro/company-specific events. The review includes financial analysis, management interaction, and another relevant on-ground research.
- 2. Outperforming the Benchmark:** The underlying constituents of a portfolio which is sector and stocks must beat that of the benchmark in order to outperform it. Our analyst SNP approach aids the Fund Management team with emphasizing essentially on stock selection within a sector.
- 3. Sector divergence:** In both equity or hybrid funds, the sector weight in any portfolio should not be extremely low or high compared to the benchmark, except for sectoral and thematic funds. Low active share at large sectoral level (less divergence) is also owing to risk guardrails as well as SNP approach.

- Diversification and liquidity management:** While optimizing returns is a key objective, we also focus on managing risk by diversifying portfolios and avoiding concentration risk in individual stocks. In all our diversified equity funds the portfolio includes a minimum 45+ Stocks. A single stock weight cannot exceed 10% of the AUM, except for sectoral/thematic funds.
- Investment Committee:** The Investment Committee (IC) establishes the long-term investment strategy and reviews portfolios on a monthly basis from both performance and risk perspectives, advising course corrections if necessary.

Overall, our investment process is designed to identify and invest in quality businesses with sustainable competitive advantages, led by competent management, and trading at reasonable valuations, while managing risk effectively.

IV. Risk Assessment

The Risk team, distinct from fund managers, employs quantitative filters to review investments based on liquidity, market cap, and business risk criteria. Liquidity risk is monitored using trading volume. Concentration risk is managed by capping single stock exposure at 10% of net assets and monitoring sector deviations from the benchmark. The Investment committee, consisting of risk managers and portfolio managers, ensures investment risk is appropriately discussed and addressed.

Product Labeling and Riskometers

Mirae Asset Large Cap Fund

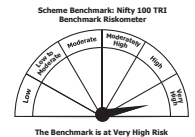
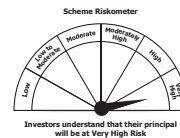
(Large Cap Fund - An open-ended equity scheme predominantly investing across large cap stocks)

PRODUCT LABELLING

Mirae Asset Large Cap Fund is suitable for investors who are seeking*

- To generate long term capital appreciation / income
- Investment predominantly in Large Cap companies

*Investors should consult their financial advisors, if they are not clear about the suitability of the product.



Mirae Asset Mirae Asset Large and Midcap Fund (Formerly known as Mirae Asset Emerging Bluechip Fund)

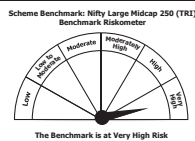
(Large & Mid Cap Fund -An open-ended equity scheme investing in both large cap and mid cap stocks)

PRODUCT LABELLING

Mirae Asset Emerging Bluechip Fund is suitable for investors who are seeking*

- Long term capital appreciation
- Large & Mid Cap fund investing atleast 35% in large cap stock & atleast 35% in mid cap stocks

*Investors should consult their financial advisors, if they are not clear about the suitability of the product.



Mirae Asset ELSS Tax Saver Fund (Formerly known as Mirae Asset Tax Saver Fund)

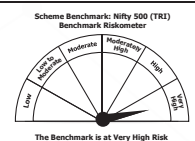
((ELSS - An open-ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit)

PRODUCT LABELLING

Mirae Asset Tax Saver Fund is suitable for investors who are seeking*

- Growth of capital over long term
- Invests predominantly in equity and equity related instruments: ELSS with a 3 year lock in period and tax benefits

*Investors should consult their financial advisors, if they are not clear about the suitability of the product.



Mirae Asset Midcap Fund

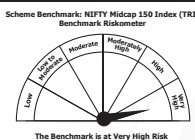
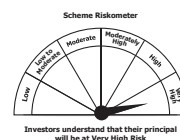
(Midcap Fund-An open-ended equity scheme predominantly investing in mid cap stocks)

PRODUCT LABELLING

Mirae Asset Midcap Fund is suitable for investors who are seeking*

- To generate long term capital appreciation/income
- Investments predominantly in equity and equity related securities of midcap companies

*Investors should consult their financial advisors, if they are not clear about the suitability of the product.



Disclaimers: Investment process may change from time to time, it is just for information purpose and cannot be construed as guarantee for future performance. We may or may not continue with same. We may adopt suitable Investment process depending on market conditions. In addition to investment process, we shall follow provisions specified in respective SID before making investment.

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: www.miraeassetmf.co.in

Please consult your financial advisor or Mutual Fund Distributor before investing

Follow us on:

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