

PARTNER CONNECT

MIRAE ASSET
Mutual Fund

www.miraeassetmf.co.in

ISSUE | October 2019



LET'S UNITE FOR
THE PERFECT **PARTNERSHIP**



Mr. Swarup Mohanty

Chief Executive Officer

2019 has been quite an invigorating year for Mirae Asset. We have, in the first 9 months of this calendar year, launched Mirae Asset Focused Fund* and Mirae Asset Midcap Fund*, successfully raising ₹ 750+ and ₹ 611+ crores respectively. As we speak, Mirae Asset has launched a Mirae Asset Overnight Fund* on 15th October & raised ₹ 309 crores.

We have achieved quite a few milestones this year. We crossed an **AUM of ₹ 35,000 crores with an SIP book of ₹ 420 crores** & an ever-increasing folio count, currently crossing the **20 lakh mark**. In market conditions, which have been challenging we have been able to set up a strong foundation for our future business due to your unrelenting support.

I am happy to inform you that we are starting a new distributor communication **PARTNER CONNECT** a bi-monthly publication. We wish to be a socially responsible organization; hence we are launching this in a Digital format (interesting data is that 68% of all our transactions are already Digital, mainly through platforms like NSE/BSE/MFU etc.).

*Type of schemes:

Mirae Asset Focused Fund (An open ended equity scheme investing in a maximum of 30 stocks intending to focus on large cap, mid cap and small cap category (i.e. Multi-cap)

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

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

Mirae Asset Overnight Fund (An open ended debt scheme investing in overnight securities)

Source for Data: Internal AMC date, as on 30th September 2019

For disclosure on AUM kindly visit www.miraeassetmf.co.in or www.miraeassetmf.co.in/downloads/statutory-disclosure/other-disclosure

FROM THE DESK OF CEO

Let me highlight some key parts of this publication to you:

- **Outlook on Equity and Debt Markets** from our investment team. This should help address the queries from your investors and how they should approach investing in the current market scenario.
- **Industry Trends** - The industry through financial planning and SIP in Equity Funds, have helped create Long Term Wealth for Investors, but we believe as part of complete financial planning, SIP in Debt is also equally necessary. The article covers some insights on this topic.
- **Wall of Fame** - We have an article from one of our oldest partners (Raunak Roongta- Partner, Moneymatics Financial Services LLP Mumbai), on his Mutual Fund journey. I would like you to share your Mutual Fund stories with us, through this email id productmarketing@miraeasset.com & we will feature them on our website. We will have some interesting content on this theme in the coming months.
- And lastly, a small quiz and a feedback survey to unwind.

However, I just wanted to share one message with you. Disruptions are happening in many businesses and we all need to be ready to not only pre-empt them but also adapt quickly. If one looks at the change in the distribution landscape between 2008 and now, it has been dramatic. While we seem to have been handling most of them well, including the recent one on costs, the big one ahead of us is the demographic disruption. Though the discussion on the generation gap is fairly old and clichéd, I do believe, that this time around, it is real. The young of our country will be distinctly different and suddenly we would have large number of investors, whose approach and need of investing could be very different to what we have to offer. That to me, is our challenge and we are internally debating hard on how to prepare for this. The ease of transaction is a low hanging fruit which is the first one we need to address. The most important thing would be to develop suitable products which we are working on. So let us embrace change, and work together for a common goal of creating long term wealth for investors.

Thank you for all the support you have given us for setting up our business so far. I assure you that we would continue our endeavor to strengthen our products and give you a simple, yet continuous communication on the same.

I also wish you and your family, a very Happy Diwali in advance. Let the gleam of diyas & echoes of laughter, bring joy & happiness.

Happy Reading,

Swarup Kulkarni



Mr. Mahendra Jajoo

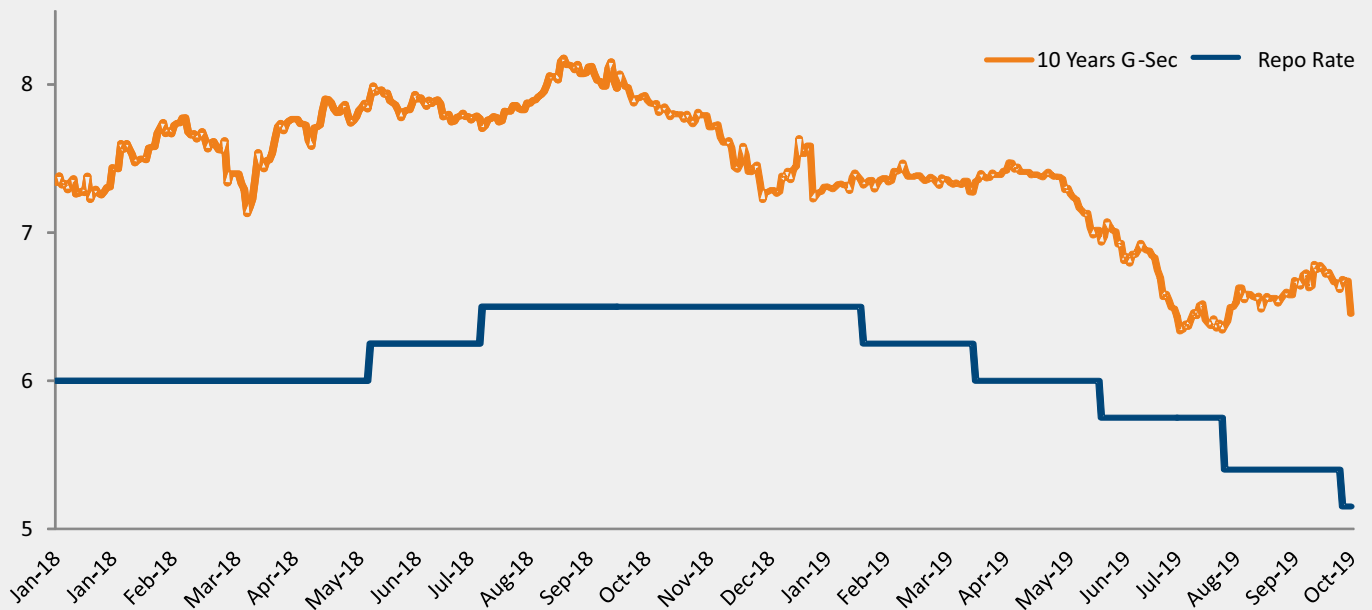
Head - Fixed Income

RBI in its bi-monthly policy, reduced the repo rate by **25bps to 5.15%**, bringing the cumulative easing to 135bps in this cycle so far. The MPC continued with an obliging stance since it's necessary to revive growth and ensure that inflation remains within the target. The tone of

the policy remained dovish and MPC seemed concerned about the growth outlook.

GST collections for August stood at ₹ **91,916 crores**, a contraction of 2.7% over last year, pushing the required run rate to ₹ 125,000 crores for rest of FY20. Even when economic data releases, stay comfortable and make case for further rate cuts, an overhang of excess bond supply, kept the investors cautious.

Going ahead, the markets are likely to be guided by the narrative from major central banks and trade talk developments between US and China. Domestically, markets will keep a close watch on how government makes up for the shortfall of revenue loss and further measures on economic revival. Also, with the normal monsoon, drop in oil prices and hopes of another rate cut by RBI, yields are likely to trend lower but with increased volatility.





Mr. Harshad Borawake

Head - Equity Research

Policy actions, potential to kick-start investment:

We expect 2nd quarter FY20 earnings to be similar to the 1st quarter FY20 earnings. However, we expect 2nd half (Quarter 3 & 4) earnings, to be better than first half led by better than expected monsoons, improving liquidity conditions, the transmission of rate cuts and gradual improvements in sentiments led by policy actions. The recent corporate tax rate cut is a strong step in right direction, improving India's global competitiveness and leading to a new pedestal of structural growth. However, it will take 3-5 years to fructify.

- The government chose investments to help improve employment. A quick impact of the tax cut gives a much-needed boost and revives risk appetite in markets. The corporate tax rate cut can be positive as –

- India turns competitive vis-à-vis other emerging markets with respect to taxation.
- Equity IRRs or RoE go up by at least 2%, improving the viability of projects. It also reduces the debt needs for similar RoE. Cash flow improves, leading to debt alleviation, which helps the banking sector.

Increase in profits for companies, which needn't pass on tax cuts e.g. Consumer companies, Global commodities, etc.

We look forward to the rationalization of personal taxes as a demand-side booster for the economy.

Structural story remains strong:

India is amongst the most promising emerging economies, aspiring to grow at a sustained high Gross Domestic Product (GDP) growth rate over the medium, to long term with the help of ongoing reforms and twin pillars of growth (of demographics and infrastructure). The benign interest rate regime, lower inflation, weak oil price is supportive and over the medium term, expect private capex to come back, as industry capacity utilization could cross the threshold for a new capacity generation. As mentioned earlier, 2nd half FY20 is expected to be better led by host of factors including, likely policy initiatives, expected rate cut by the RBI, moderate inflation scenario and favourable base.

MARKET OUTLOOK

EQUITY

Key things to watch out for:

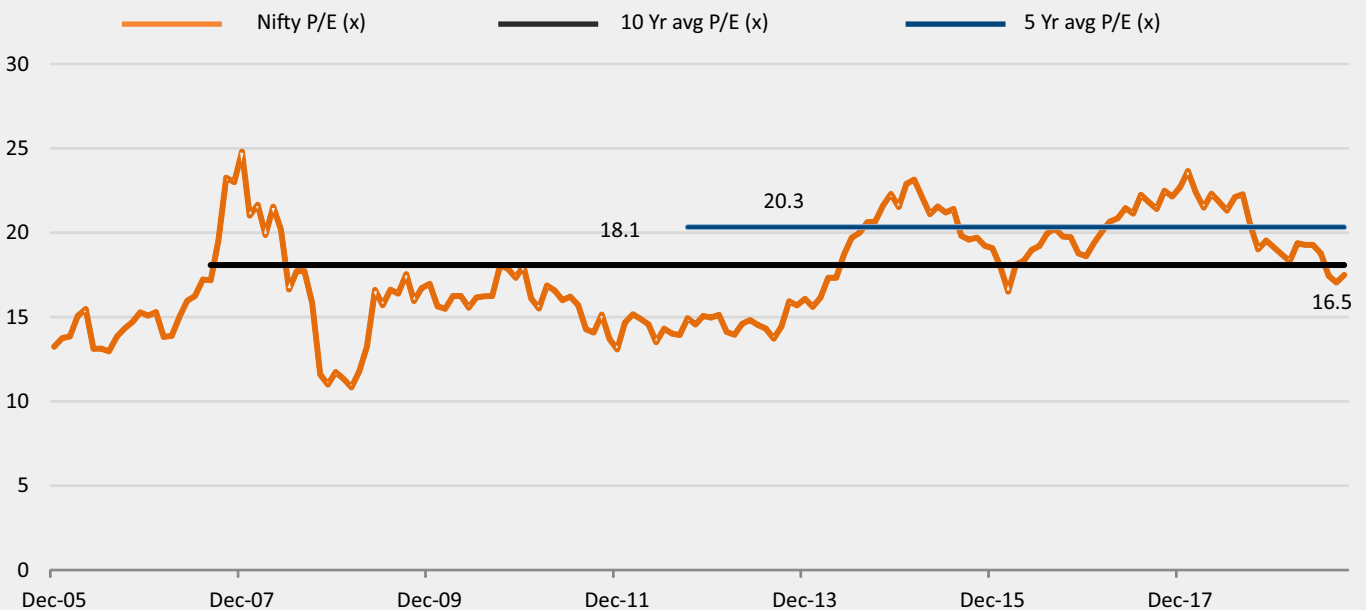
Apart from usual macroeconomic parameters and corporate earnings trend, key things to watch out for includes (a) improvement of liquidity in the system, (b) improvement in the high frequency data, (c) policy initiatives of the new government and (d) developments in US-China trade war.

Valuations:

The consensus estimates, FY21 Nifty-50 earnings growth at ~20%, implying P/E of 16.5x on FY21E.

- We would advise to not to try to time the market and invest in a disciplined way in equity for long-term, within the earmarked asset allocation (based on individual risk profile). In the current market scenario, staggered investments through SIP or STP would remain the best ways to invest in equities.

Valuation Chart:



MIRAE ASSET TREND SETTER

SIP IN DEBT



Mr. Vaibhav Shah

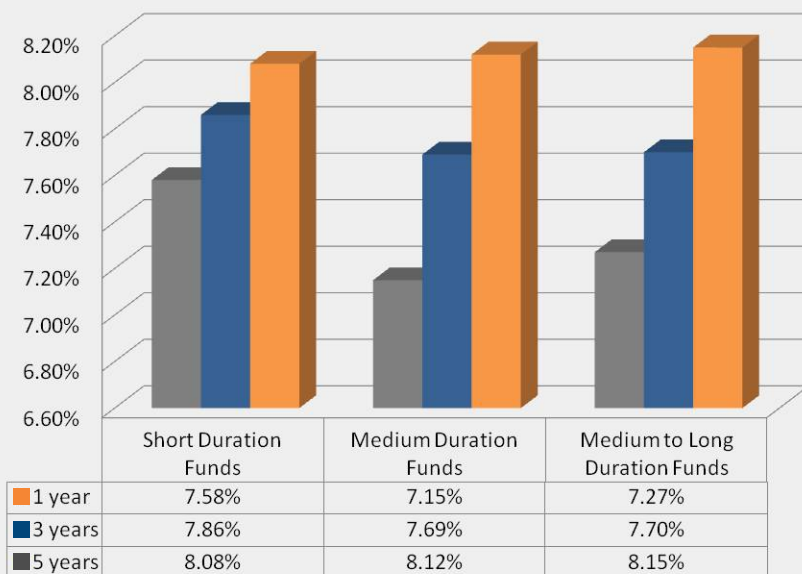
Head – Product,
Marketing & Corporate Communications

Systematic investment plans (SIPs), has emerged as a big wave in the Indian mutual fund industry. Not only has it brought waves of investors' money into the industry, but also added discipline to their investment pattern. While most of the SIP money has flown into equity-oriented mutual fund categories, the same form of investment can also be used to invest in debt-oriented mutual funds.

SIPs negate the need to time the market across different interest rate environments:

While debt mutual funds do not go through the volatile phases as much as equity-oriented funds, being market-linked products these too, go through market phases, especially based on interest rate movement.

Rolling SIP returns across debt mutual fund categories:



Regular SIP investments make the timing of entry and exit immaterial, as the NAV fluctuates across phases, investors have the opportunity to bring down their average cost of investment, also called as Rupee Cost Averaging.

An analysis of monthly SIP returns on a rolling period basis, return since 2003 across short, medium and long-duration funds show that the funds on an average have given market-linked returns for

Source: CRISIL Research. Note – Period of SIP rolling return analysis from April 1, 2003 till August 31, 2019. Fund returns represented by weighted average index of funds within the respective

MIRAE ASSET TREND SETTER

SIP IN DEBT

periods of 1 year, 3 years & 5 years after analysis. This shows that by investing systematically, investors may benefit from the potential returns of debt mutual funds.

A good investment strategy for conservative investors compared to traditional products. SIP in debt funds presents a good opportunity for investors with relatively low-risk appetites. SIP in a debt scheme is not a novel concept and is in fact, similar to a recurring bank deposit, wherein investors channel a small portion of their savings every month. Furthermore, debt funds have the advantage of being more tax-efficient compared to banking products such as fixed deposits and recurring bank deposits, when held for over 3 years due to the benefit of indexation.

Since you are investing small amounts every month, you should always have long investment tenures for your SIP (i.e. at least 3 years). Over 3 to 5 years (or longer), longer duration debt funds have the potential to give market-linked returns

(table attached) compared to other debt fund categories. The prevailing 3 – 5 year FD rates in PSU banks, 3 years back was 7 to 7.25%. You can see that long-duration funds outperformed bank FD / RD, even on a pre-tax basis over the last 3 years; on a post basis, the outperformance would have been much bigger due to the long term capital tax advantage of mutual funds.

Tenure	Long Duration Debt Funds (XIRR)
3 years	8.6%
5 years	8.5%

Source: Advisorkhoj Research

Also, since the yield curve is usually sloping upward, yields of longer duration bonds are usually higher than those of shorter duration bonds. Long duration funds are best suited for investments through SIP. Investors can include debt fund SIPs as part of their financial planning.

WALL OF FAME

MY MUTUAL FUND JOURNEY



Mr. Raunak Roongta

Partner, Moneymatics Financial Services LLP
Mumbai

I started my career as a stocks sub-broker, at a very early age of 21 in 1992. The first ten years of my career were a roller coaster ride, with no stream of stable income (due to huge stock market volatility). It was then that I realized I can't depend on only one source of income and decided to upgrade myself as a financial planner. In 2003, I decided to add Mutual Funds, Life Insurance and other financial products to embark on a new journey in the distribution of Mutual Funds.

My client base was retail and most of them were salaried class. I was into the habit of seeking referrals from my clients, from the very first day. I have always recommended clients to invest in Mutual Funds through the SIP route to create wealth, as I believed that this is the most disciplined way for savings. Since December 2006, 'DNA Money' newspaper has been

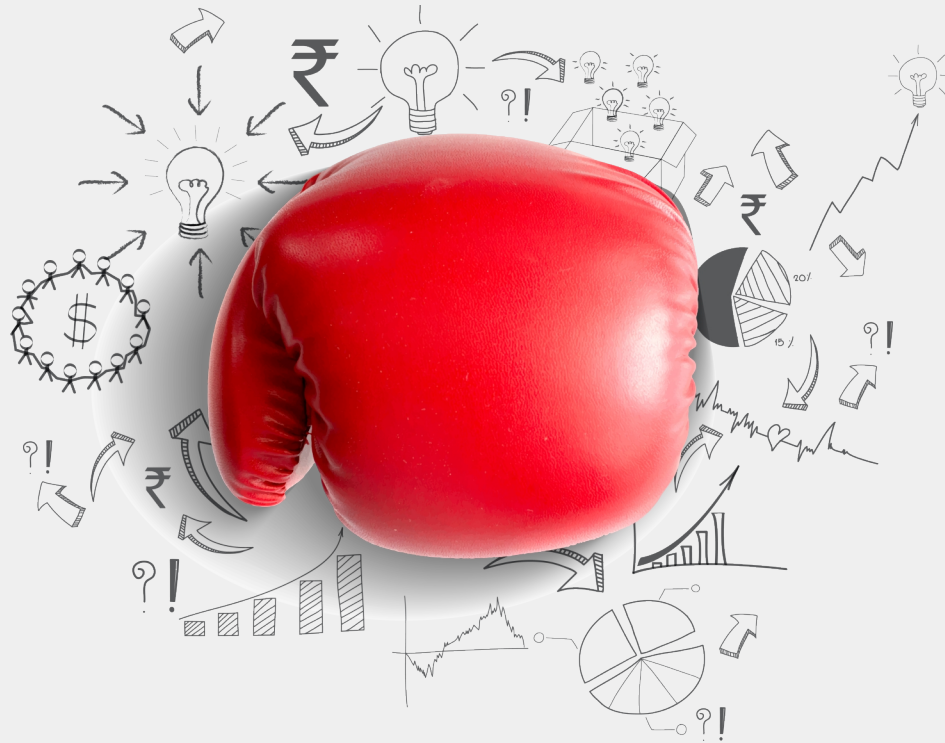
publishing my quotes and views regularly on the stock market, MFs, Insurance, gold, real estate, etc. My most famous quote was in Oct 2008 when the market had collapsed to 8,000 levels & then, DNA came out with headlines 'Dear India, hard times are here'. This article has given me a lot of recognition and later on, I also wrote for ET Wealth, Business Line, Navbharat times and some other regional newspapers.

My aggressive stance of fulfilling investors, to invest in equity has helped me boost the client's confidence. Only with a positive attitude, we have succeeded in holding our clients' tide over the turbulent wave of the volatile market & it resulted in landing me amongst the very few IFA's who had a positive AUM YoY (08 vs. 07).

My journey with Mirae Asset had started with their maiden NFO 'Mirae Asset India Opportunities Fund' in April 2008 (now Mirae Asset Large cap Fund). Today we have 100 crore plus, Equity AUM & 1.25 crore plus Equity SIP book with Mirae. We ensured that all our clients had exposure to Mirae Asset Equity Funds.

'If you stay away from fear & greed, then the stock markets are for you', is my favourite opening line with clients & I strongly believe in behavioural finance. I feel proud to be in the business of wealth creation & I am quite passionate about it.

TAKE A BREAK BLOCKBUSTER



“Koi tumhe tab tak nahi hara saktha, Jab tak tum kudh se na haar jao” - Movie Sultan 2016

This blockbuster movie is not only a great source of entertainment but a power-packed source of learning and knowledge. Sultan sheds light on a variety of lessons in the adventure of life and also, this movie teaches us a lot about mutual funds and investments!

Moral 1:

Always have a life goal. Same should be said for mutual funds. Always have a financial goal and work towards it. Mutual funds will assist you throughout the journey and will help you attain your goal and family goals too.

Moral 2:

Heroes struggle during their downtime, but opportunities can keep knocking on the door (MMA tournament offer to win the money for the blood bank and win back the love of his life). As you are the hero/heroine of your own story, don't feel downhearted during downtime. If the

market crashes after you invest, don't feel downhearted. The market can rise again! Mutual funds provide an opportunity to assist you in your wealth creation journey & invest systematically.

Moral 3:

Ask for help to reach new heights and be successful (Sultan takes help of coaches to reach new heights). In Mutual Funds, take the advice of a distributor (A mutual Fund coach), who can give guidance and may provide best options to assist in your wealth creation journey.

**TAKE A BREAK
FLAUNT YOUR SKILLS**



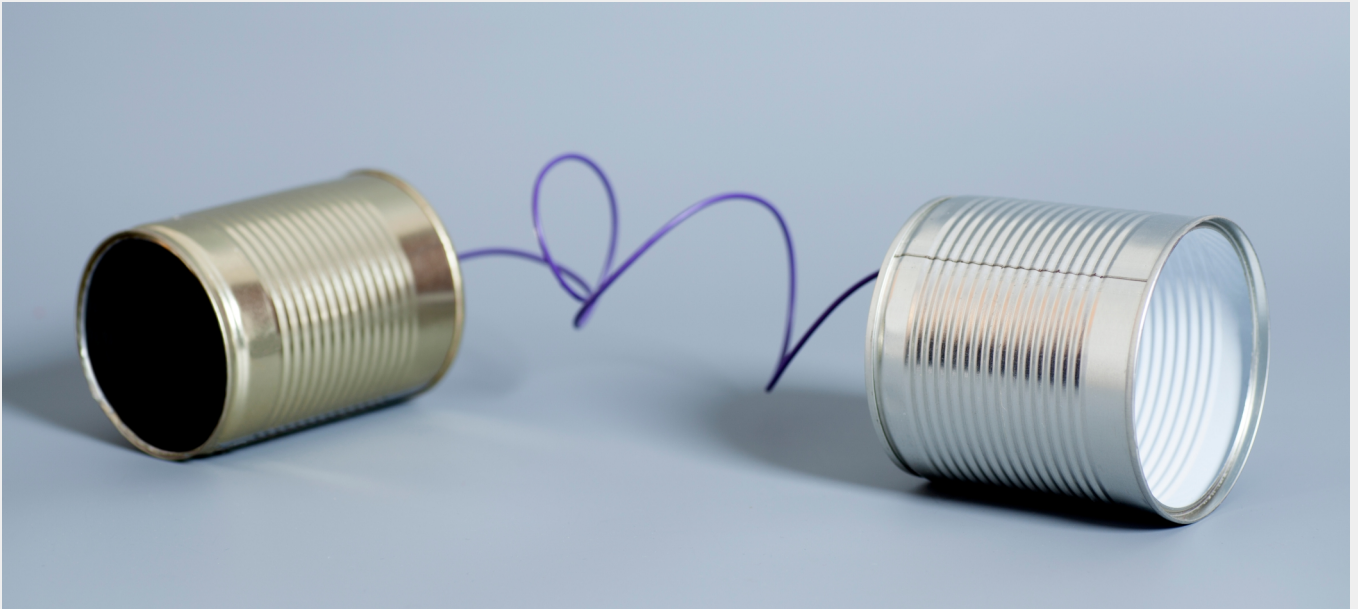
CHALLENGE YOURSELF

And get featured in the Wall of Fame!

QUIZ

CLICK TO PARTICIPATE!

HELP US HELP YOU!
SHARE YOUR FEEDBACK



**WE REALLY APPRECIATE &
THANK YOU FOR YOUR TIME**

To help us improve, we would like to ask you a few questions about your experience so far.

[**CLICK HERE**](#)

PRODUCT LABEL & DISCLAIMERS

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

- To generate long term capital appreciation/income.
- Investment in a concentrated portfolio of equity & equity related instruments of up to 30 companies across large, mid and small cap category.

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



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 advisers if they are not clear about the suitability of the product.



Mirae Asset Large Cap 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 advisers if they are not clear about the suitability of the product.



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

- Regular income over short term that may be in line with overnight call rates
- Investments in overnight securities

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



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

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