



INVEST IN A
POTENTIALLY



MIRAE ASSET
Mutual Fund

HEALTHY
FUND

Mirae Asset Healthcare Fund

Sectoral/Thematic: An open ended equity scheme investing in healthcare and allied sectors.

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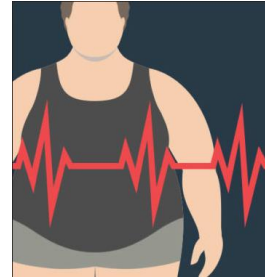
Healthcare,
Close to our life

Healthcare is most important in modern society



Hyper tension

Every 4th individual in India aged above 18 years has hypertension



Obesity

Age standardized obesity prevalence **increased by 22%** in the past 4 years



Diabetes

India has the **worlds 2nd highest number** of diabetic patients



CVD* Death Rate

Cardiovascular diseases account **for 45% of all NCD* Deaths**

The 4 major categories of non-communicable diseases (NCDs)



Cardiovascular Diseases



Diabetes



Chronic Respiratory Diseases



Cancer

Non Communicable Disease toll

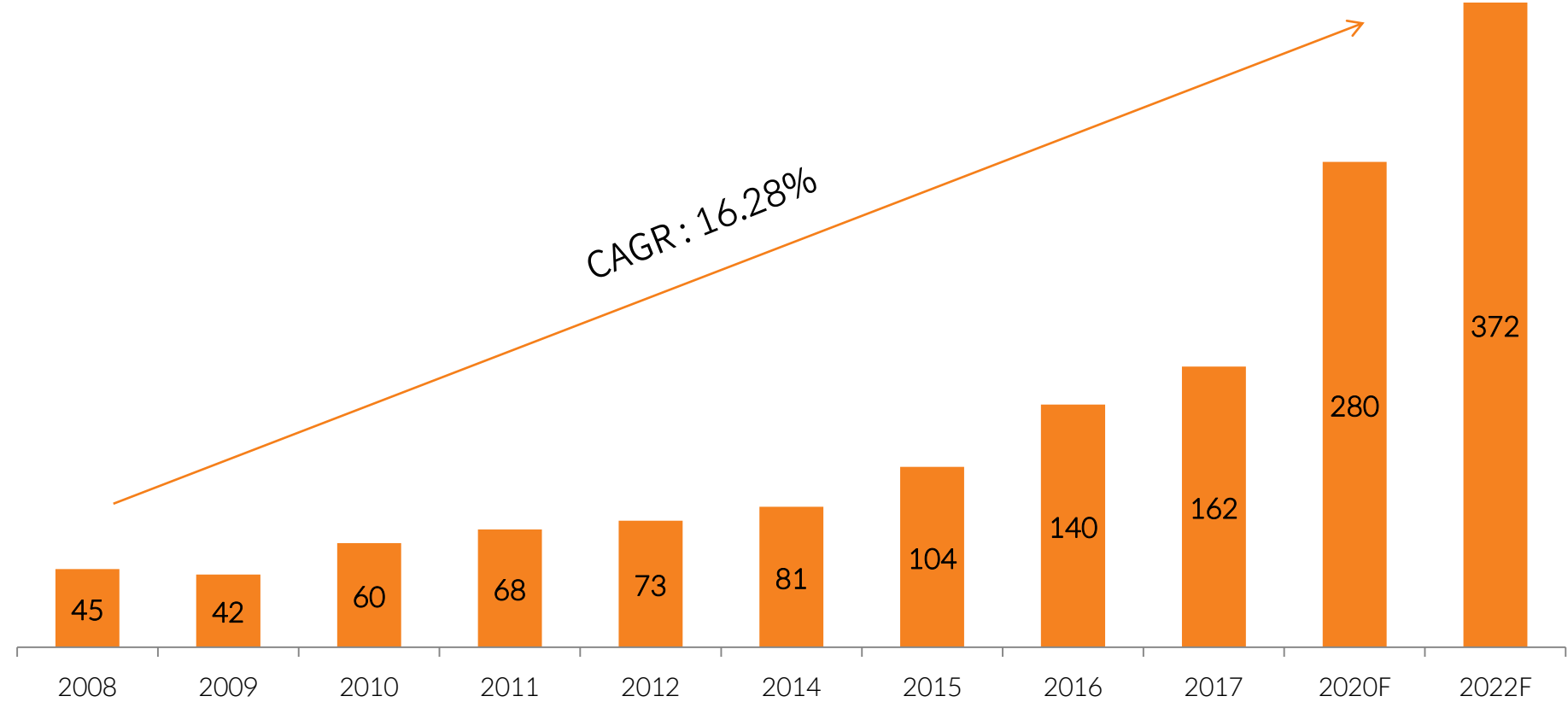
The probability of **dying from NCDs** between ages 30 and 70 years is **26%**

*CVD – Cardiovascular diseases; NCD – Non Communicable diseases

Source: WHO report on Indian Health Statistics, International Diabetes Federation Report 2015, (latest available report and that no further report has been published after 2015)

India: Healthcare sector growth expected to accelerate

Indian Healthcare Sector Industry Size
Estimated size, USD Bn



Note: F – Forecast, E - Estimate
Source: Frost & Sullivan analysis, LSI Financial Services, Jan 2020

Healthcare : A Growing Opportunity

Growth Driver of Indian Healthcare Market

US Market

Major export market of India

- US is the major export market of Indian pharma companies
- US market sales and FDA regulation impacts earnings of the healthcare sector directly
- Indian companies has been increasing its market share in various product range in US
- Current eased regulatory framework of US provides another momentum to grow

Domestic Market

Growing fast with increasing awareness and demand

- There is large room for growth in healthcare industry in India
- Large Indian healthcare companies have been gaining its size through consolidation and it provides competitiveness to grow in domestic market

R&D

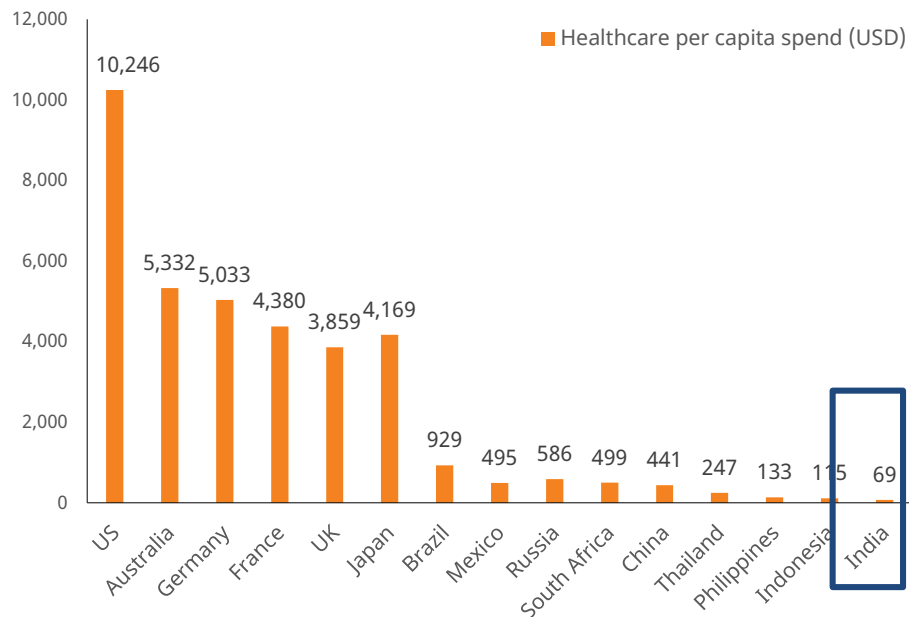
Increasing investment

- Complex generics, will be the next frontier for growth and margin expansion
- Indian generic players have doubled investment in R&D of sales over the last 3 years
- Limited competition products will offer a more profitable and sustainable revenue pool.

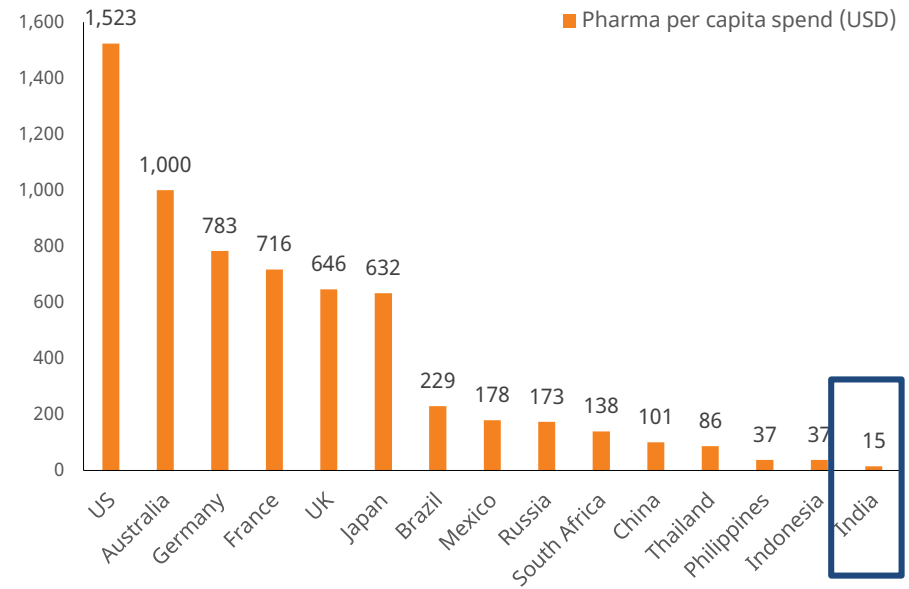
Large room for growth

- Compared to other countries, India's per capital spend in healthcare is comparatively low
- With growing household income, healthcare per capital spend is expected to double by 2025
- Indian government's flagship universal healthcare scheme Ayushman Bharat to also fuel the consumption

Healthcare per capita spend (USD)



Pharma per capita spend (USD)

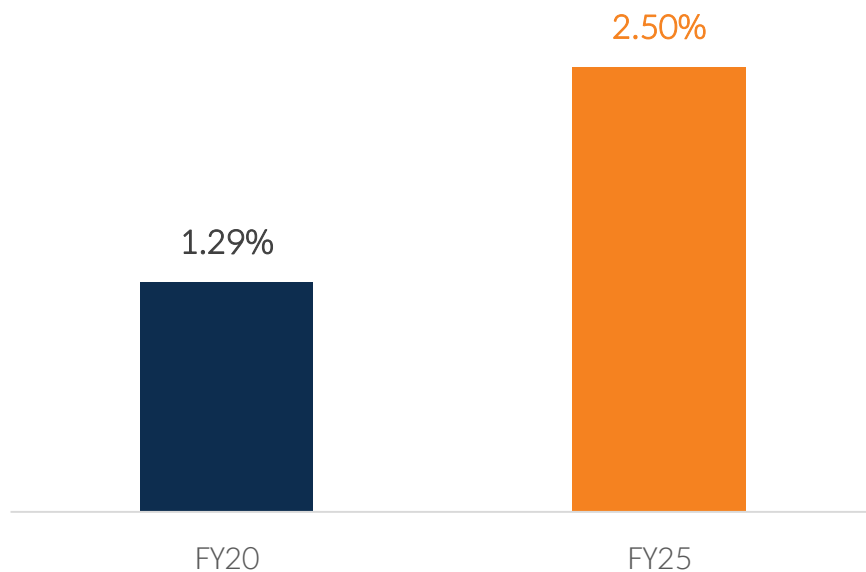


Source : Dec 2019, Nomura research

Growing expenditure of government

- Government expenditure increased from Rs 1.26 lakh cr in FY12 to Rs 2.6 lakh cr in FY19 (CAGR 11%)
- Rs 6,400cr has been allocated to national health insurance scheme AB-PMJAY
- Government is planning to relax FDI norms in the pharmaceutical sector

Public Healthcare Spending per GDP



Government Initiatives

Strong support to industry growth
- Build Pharma Park, R&D Centre

Encourage FDI Investment

18% increased budget in
healthcare and welfare

Source: IBEF Pharmaceuticals Report March 2020

Sectoral Drivers - Pharmaceutical

Industry
Size

₹3.9 lakh cr
By 2020

Industry
Growth Rate

22.4%
CAGR(2015-2020)

World largest
Supplier of generics

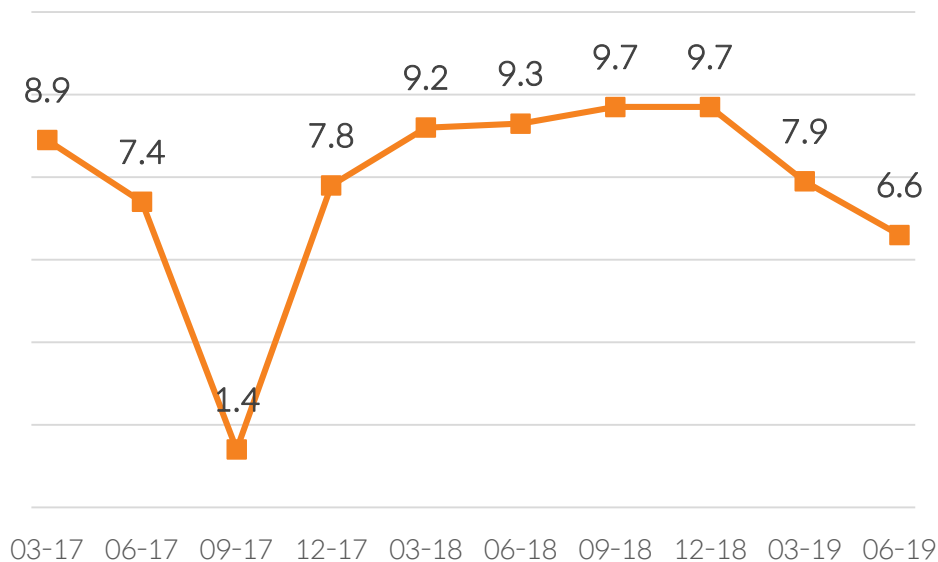
20%
of Global Exports

Global
Biosimilar
growth

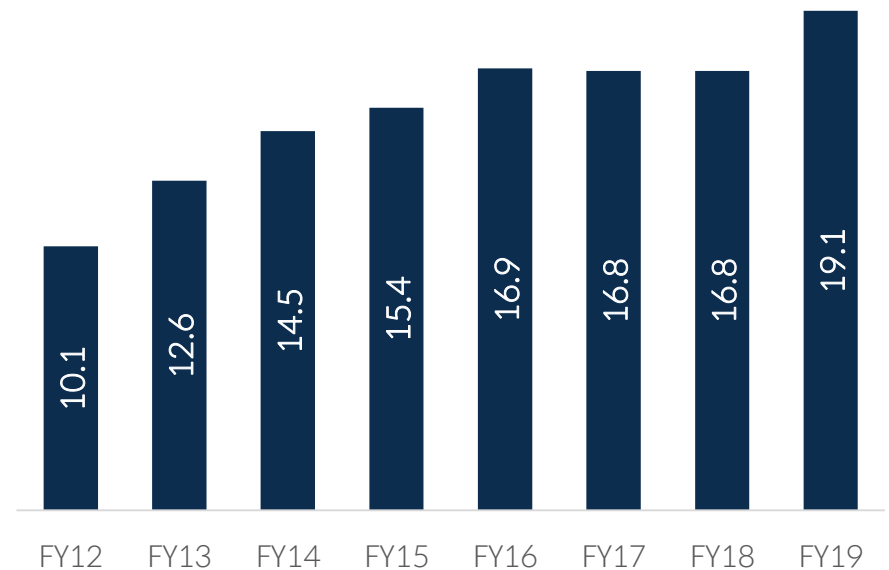
\$20-30_{bn}
By 2024

Quarterly Growth

in Indian Pharma Market (%)



Indian Pharmaceutical Exports (US\$ bn)



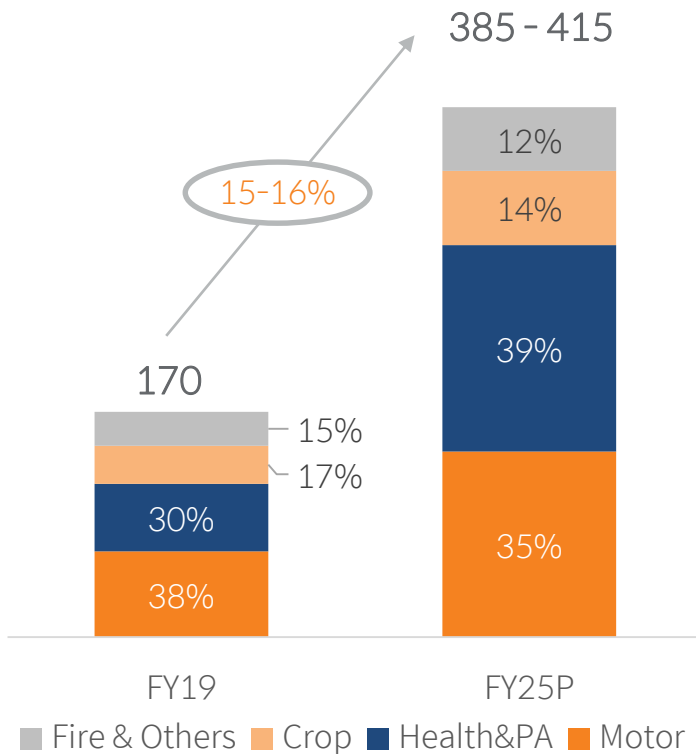
Source: IBEF Pharmaceuticals Report Jan 2020

Sectoral Drivers

– Insurance, Hospital, R&D and Digitalization

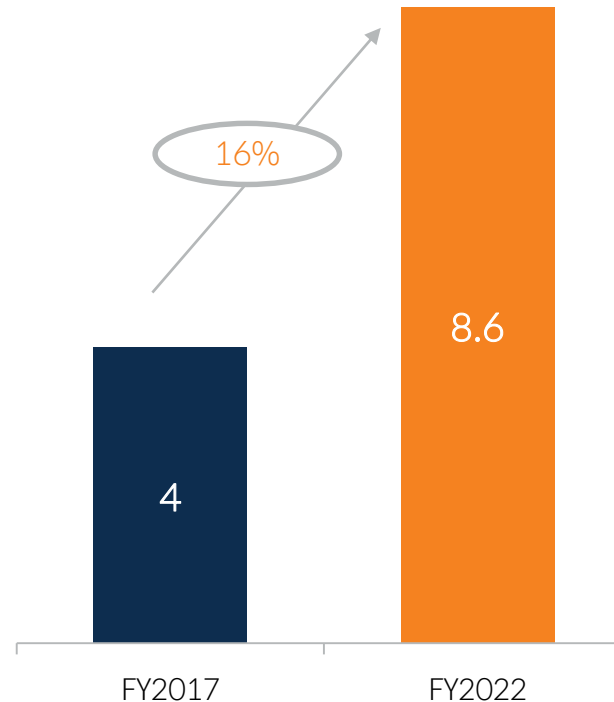
Non-Life Insurance Market Size

GDPI of Non-Life Insurance
(INR '000 crore)



Hospital Industry Size

Unit : Rs Trillion



R&D / Digitalization

40% lower
Labor cost

60% lower
New drug developing
cost

2.7x
(from 2016 to 2018)
VC Investment size
growth in Digital
healthcare startup

Source: IEBF, Jan 2020 / Boston Consulting Group, Oct 2019

Why invest in Healthcare Sector now?

Why Now – Favorable growth in near and long term

Structurally steady return compared to any other sector and tailwinds within this sector coming back has a tendency to perform better than any normal sector.

Favorable Valuation

BSE Healthcare index has historically traded at an average premium of ~23% to Sensex over the last 15 years with a peak of ~75% (in 2015) vs the current premium of ~19%.*

Fast recovery – Near term

Earnings seem to have **bottomed out** and are already seeing growth.

Margins are expected to stabilize and further expand.

Earnings growth and reasonable valuations can help the sector to recover faster in the crisis.

Strong Growth Potential – Long Term

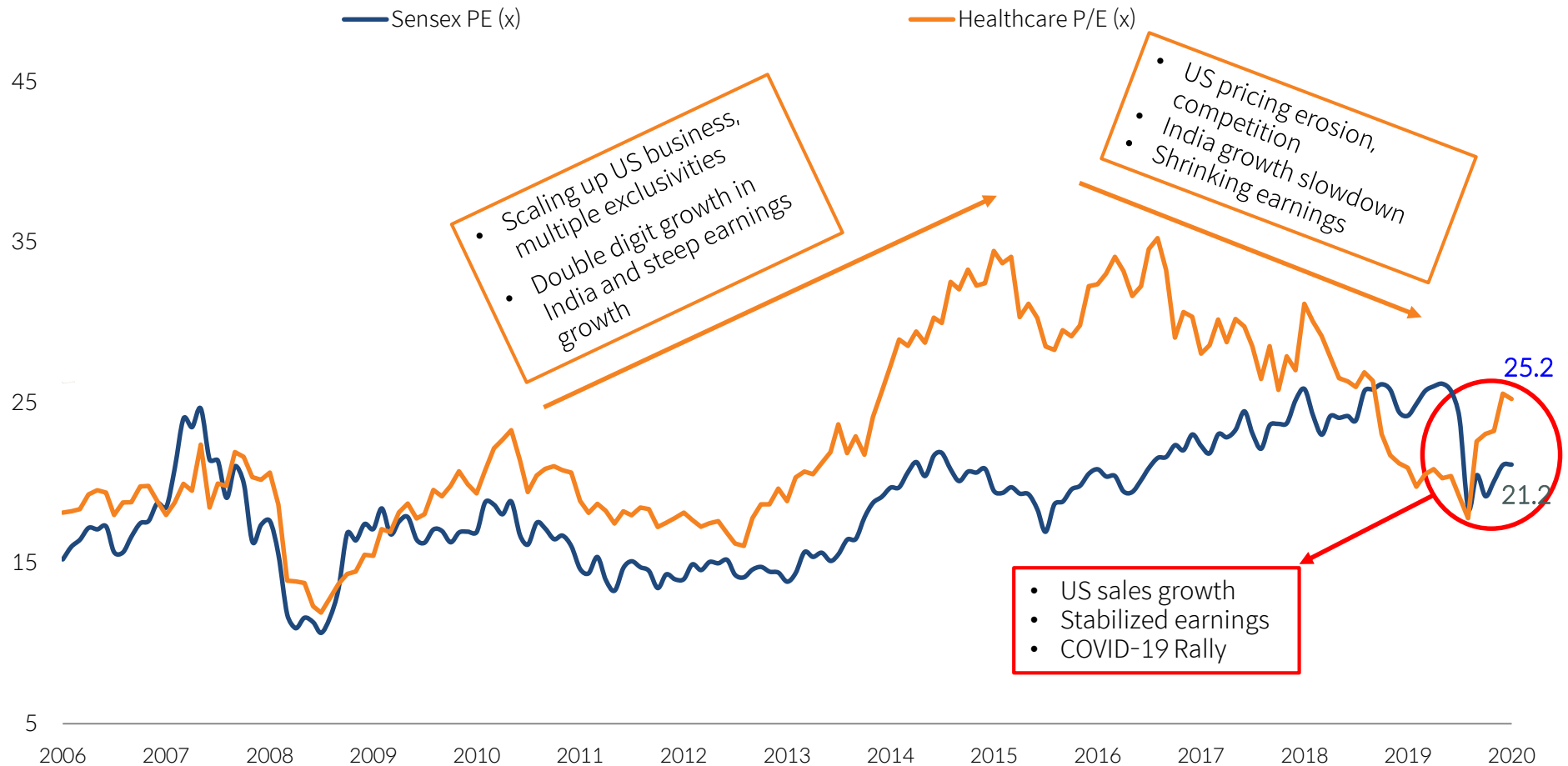
Healthcare sector is **one of the fast growing industry** in India.

Increasing consumption of individuals and support of government provide strong long-term growth outlook.

Source: Bloomberg, August 2020

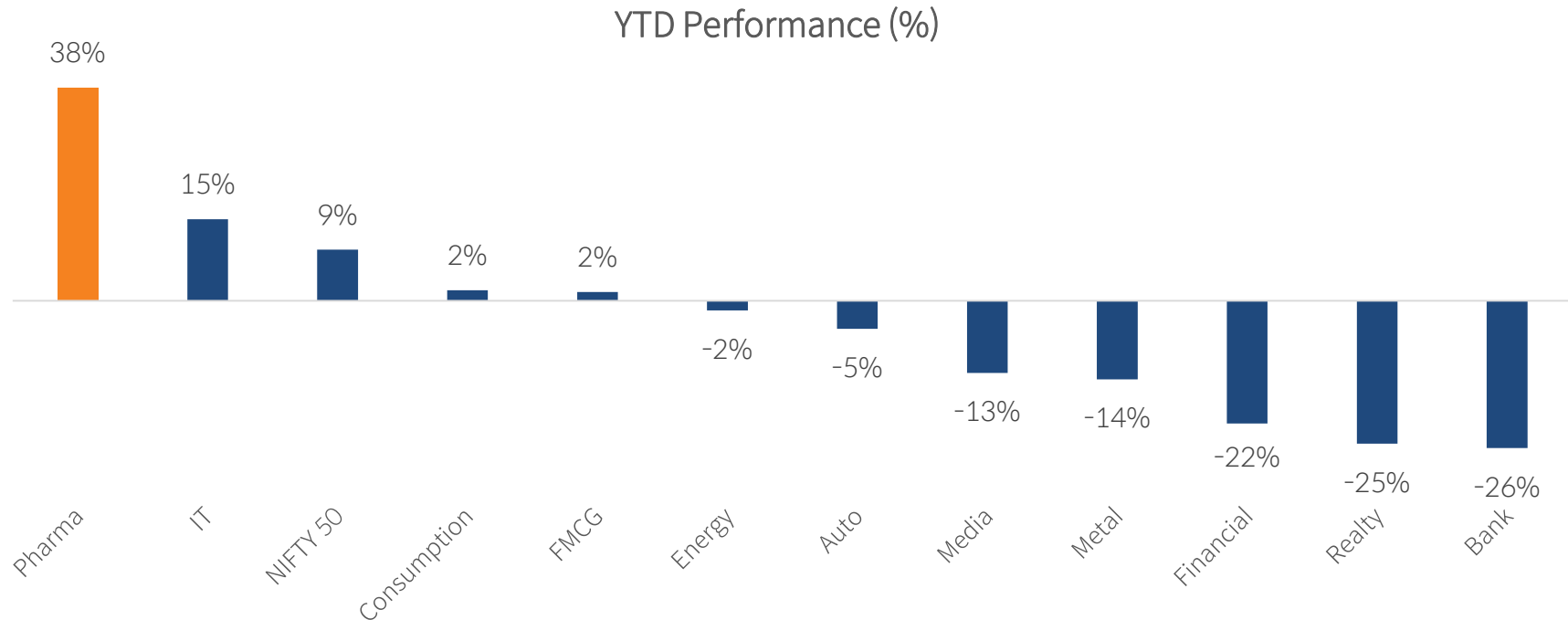
Different phases of Healthcare Sector

S&P BSE Sensex & S&P BSE Healthcare Index



Source: Bloomberg, August 2020

COVID-19 was not the only reason of rally

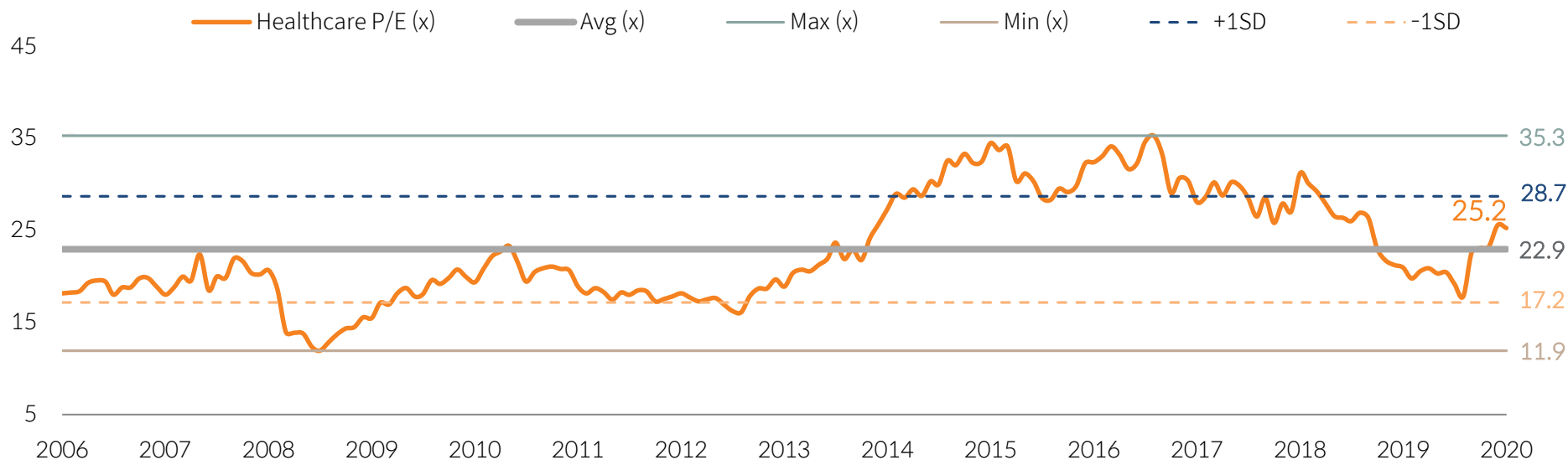


- Earnings turned positive for Pharma before the COVID crisis with recovery of US sales
- During the COVID-19, healthcare sector recovered faster than other sector as it was identified as a defensible sector during the pandemic
- Currently rally has been driven by the market expectation of consumption recovery post lock down
- US market recovery and growing domestic market are expected to turn positive to the healthcare sector in mid term

Source: Bloomberg, 31st August 2020, Based on NSE Sectoral indices performance

Secular growth at reasonable valuations

Pharma Sector* P/E close to 10 yr. average



- 2005-12 traded at 18-20x: Companies ventured to global markets
- 2013-15 traded at 20-28x: Possible Benefits accruing from investments in US and strong USD vs INR
- 2016-18 de-rated to 18-20x: Challenges faced by the industry in the US
- FY19-21 expected earnings growth to be ~25% for the portfolio companies and trading at reasonable valuations of ~26x fwd estimates.

Source: Motilal Oswal estimates (1 year forward P/E of Coverage Universe), 31st August 2020

Investment framework

MIRAE ASSET HEALTHCARE FUND

Investments in Fund

At least 80% investments in Pharma, Healthcare and allied sectors

Investment Framework

- Flexibility to invest across market capitalization and style
- Endeavour to maintain a concentrated portfolio of 30 – 40 stocks, in sectors like hospitals, diagnostics, specialty chemicals, medical equipment, insurance and other allied sub sectors

Why Mirae Asset Healthcare Fund?

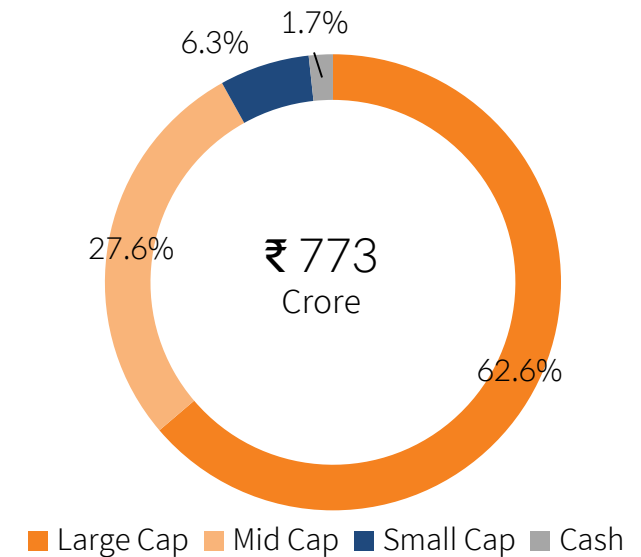
Investing in stocks (across the market cap) benefiting either directly or indirectly from health care sector growth.




Fund Manager



Mr. Vrijesh Kasera
(Since Inception)

AAUM of Fund



Fund Inception		Benchmark	
2 July 2018		S&P BSE Healthcare Index (TRI)	
Goal	Ideal Investment Horizon		Risk Profile
 Wealth Creation	 5+ Years		 High Risk

Source: Internal and ACEMF, 31st July, 2020.

Mirae Asset Healthcare Fund

– Portfolio Attributes

Fund Information

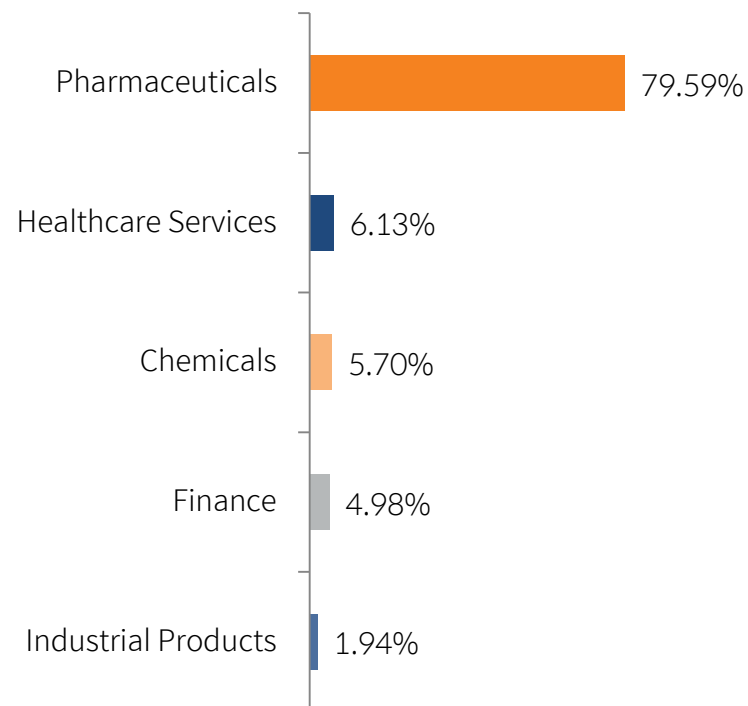
Name	Mirae Asset Healthcare Fund
Benchmark	S&P BSE Healthcare Index (TRI)
Asset Size	INR 773Cr
Inception	02 July 2018
Fund Manager	Mr. Vrijesh Kasera
Number of Holdings	28

Top-10 Holdings

Fund Weight (%)

Sun Pharmaceutical Industries	11.3%
Dr. Reddy's Laboratories	10.0%
Divi's Laboratories	7.3%
Cipla	6.1%
Aurobindo Pharma	6.0%
IPCA Laboratories	5.9%
Torrent Pharmaceuticals	5.6%
Biocon	4.5%
Lupin	4.0%
Apollo Hospitals Enterprise	3.5%
Others	34.2%

Sector Allocation (As of 31st July 2020)



All the data above are as on 31st July, 2020. Portfolio may or may not remain the same.

Asset allocation

Under normal circumstances, the asset allocation will be as follows:

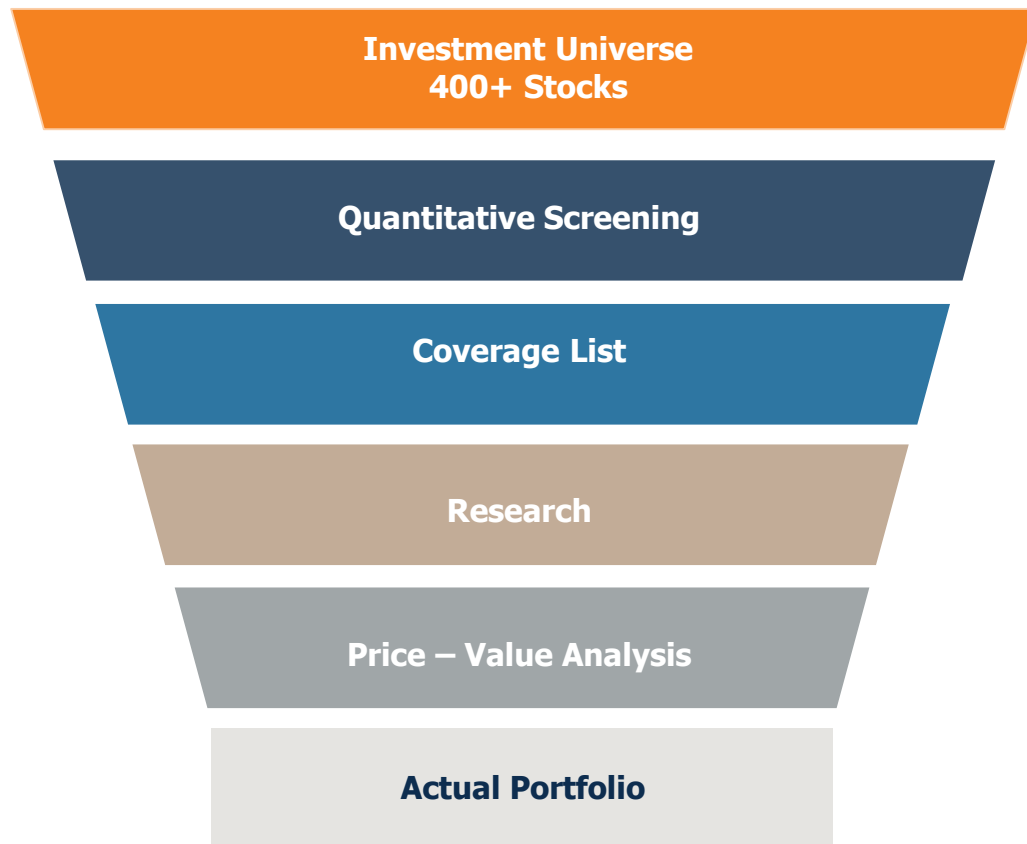
Type of Instruments	Indicative allocation (% of total assets)		Risk Profile
Indian Equities and Equity Related Securities of companies that are likely to benefit either directly or indirectly from Healthcare and allied sectors.*	80%	100%	High
Other equities and equity related securities of companies in India*	0%	20%	High
Money market instruments / debt securities Instruments and/or units of debt/liquid schemes of domestic Mutual Funds	0%	20%	Low to Medium

*Equity and Equity related instruments include convertible debentures, equity warrants, convertible preference shares, equity derivatives etc. The Indian equities & equity related securities of companies includes those securities listed on stock exchanges in India and includes ADRs & GDRs.

The scheme can invest up to 50% of Net Assets of Scheme into equity derivatives instruments for the purpose of trading, hedging and portfolio rebalancing. However, the aggregate gross exposure to equity, derivatives, debt instruments and money market instruments will not exceed 100% of the net assets of the scheme.

please read the offer document to know in detail about the asset allocation

Investment Process – Equity



Quantitative Screening

- Management Quality
- Earnings Growth
- Return on Investment
- Size, Liquidity and Benchmark

Extensive Primary Research

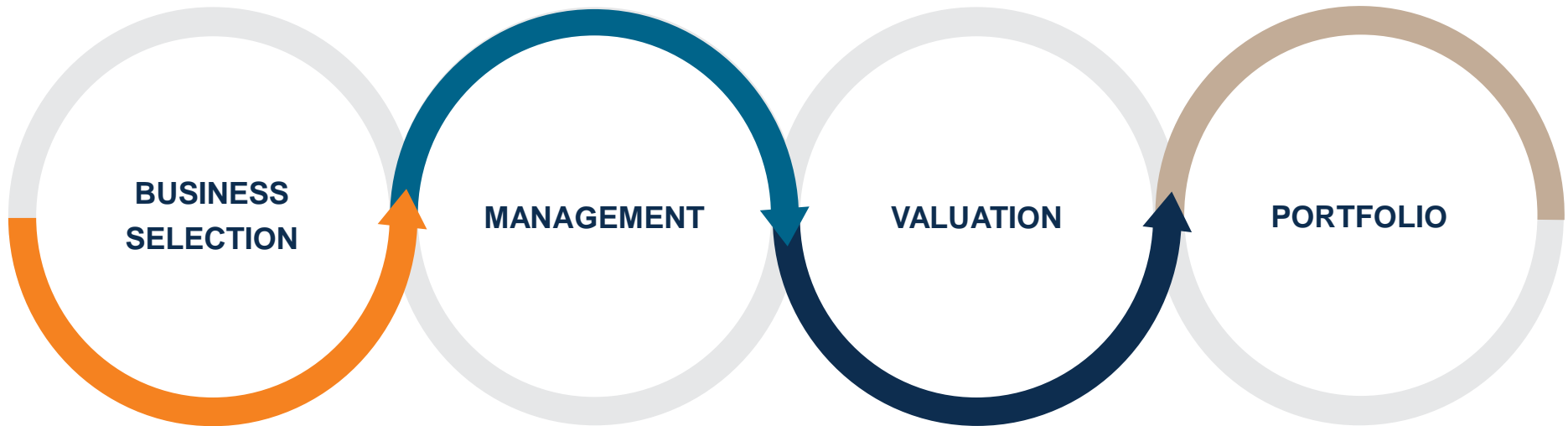
- Management Meetings
- Detailed financial models
- Market intelligence: Dealer checks, Plant visits, industry experts
- Broker Support

Considerations for Portfolio Construction

- Analyst recommendation
- Valuation screener
- Benchmark, Liquidity, etc..
- Risk Parameters

Our focus is on extensive 'Primary research'

Investment Philosophy – Stock Selection



- **Growth**
Large Market Opportunity
- **Capital Efficiency**
Sustainable Competitive Advantage and ROI

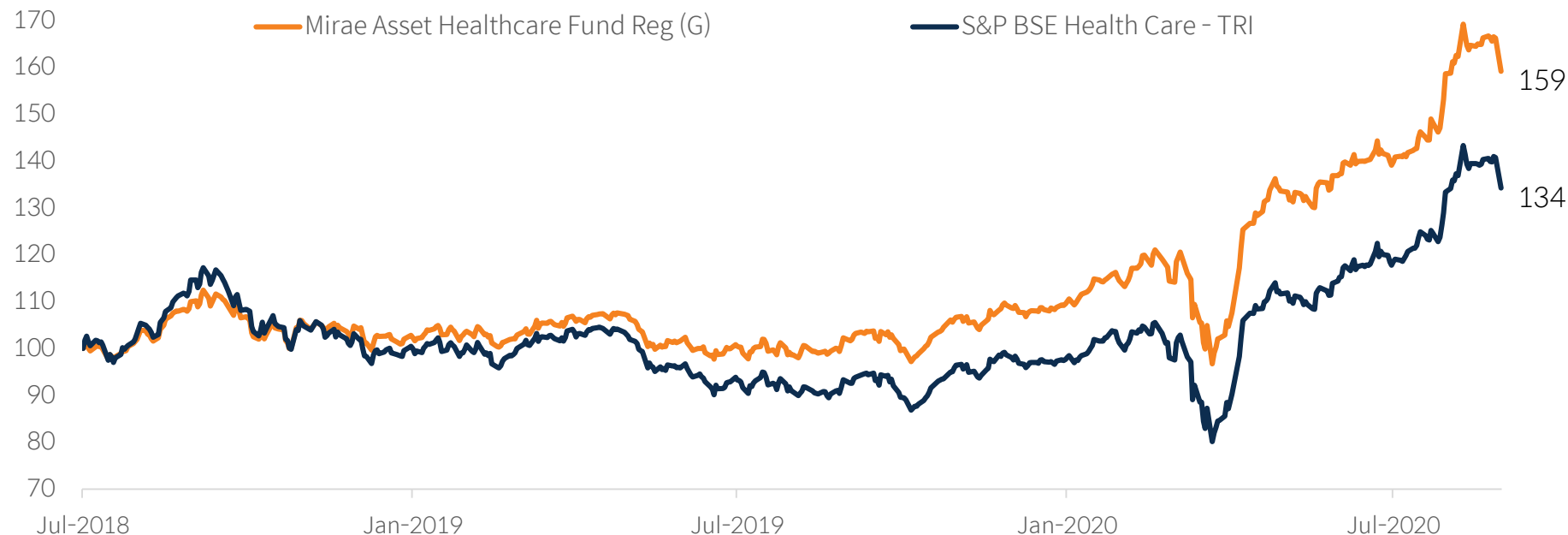
- Corporate Governance & **Thought Leadership**

- **“Margin of Safety”**
(Value > Price)
- Growth-at-reasonable-price (*GARP*).

- Diversified Portfolio
- Core and Tactical Approach

Our portfolio strategy is centered around participating in high quality growth businesses, upto a reasonable price and holding the same over an extended period

Performance Track Record of the fund



	Returns (in %, annualized)					
	3M	6M	1 Year	2 Year	YTD	Since Inception
Fund	16.25	39.17	55.25	20.25	45.75	59.17
Benchmark	17.82	36.99	43.57	8.20	37.81	34.25
Excess Return	-1.57	2.18	11.67	12.05	7.93	24.92

Source: ACE, 31, August, 2020 Past Performance may or may not Sustain

Refer slide no. 25 for performance of the scheme and performance of other schemes by the Fund Manager.

Summary

- Healthcare is a broad secular theme that includes Pharma, Hospitals, Diagnostics, Insurance and other allied sectors
- Quality Healthcare businesses are available at reasonable valuations making risk reward favorable in the long run
- Bottoming out: The underperformance in earnings seems to be bottoming out as per consensus estimates
- Investors should typically have over 4 - 5 year + view while investing
- Investors may also opt for SIP route to take advantage of rupee cost averaging

Investors are advised to consult their financial advisor for appropriate allocation to a sectoral \ thematic fund

Annexure

—

Performance Track Record of the fund and other schemes managed by the same Fund Manager

Fund	Mirae Asset Healthcare Fund			Mirae Asset Hybrid Equity Fund			Mirae Asset Equity Savings Fund		
Period	Returns (%)			Returns (%)			Returns (%)		
	Scheme	Scheme benchmark	Additional benchmark	Scheme	Scheme benchmark	Additional benchmark	Scheme	Scheme benchmark	Additional benchmark
Last 1 year	55.25	43.57	4.58	6.53	10.88	4.58	9.66	7.24	4.58
Since Inception	59.17	34.25	5.59	8.88	9.08	8.20	14.49	12.51	4.93
Value of Rs. 10000 invested (in Rs.) Since Inception*	15,917	13,424	11,252	15,425	15,313	14,941	11,449	11,251	10,878
NAV (as on Jul 31 st , 2020)	15.917			15.425			11.449		
Index Value (as on Jul 31 st , 2020)	Index Value of Benchmark is 20670.57 and Index value of S&P BSE Sensex (TRI) is 56932.37			Index Value of Scheme benchmark is 10,161.19 and S&P BSE Sensex (TRI) is 56932.37			Index Value of Scheme benchmark is 3821.54 and S&P BSE Sensex (TRI) is 56932.37		
Date of allotment	2 July, 2018			29 July, 2015			18 Dec, 2018		
Scheme Benchmark	S&P BSE Healthcare Index (TRI)			CRISIL Hybrid 35+65 -Aggressive Index			Nifty Equity Savings Index (TRI)		
Additional Benchmark	S&P BSE Sensex (TRI)			S&P BSE Sensex (TRI)			S&P BSE Sensex (TRI)		

Source: ACE, 31st August 2020 . Past Performance may or may not Sustain in future

Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regular Plan - Growth Option. The above scheme s are in existence for more than 1 year but less than 3 years

Mr. Vrijesh Kasera has been managing Mirae Asset Healthcare Fund since inception, and Mirae Asset Hybrid Equity Fund and Mirae Asset Equity Savings Fund since April 01, 2020.

Disclaimer

Statutory Details: Trustee: Mirae Asset Trustee Company Private Limited; Investment Manager: Mirae Asset Investment Managers (India) Private Limited (AMC); Sponsor: Mirae Asset Global Investments Company Limited.

The information contained in this document is compiled from third party and publically available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance thereof of such information. The AMC, its associate or sponsors or group companies, its Directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications.

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

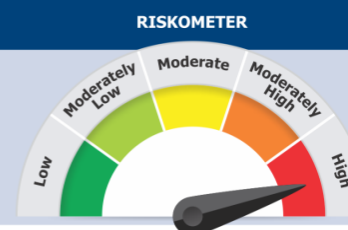
Mutual fund investments are subject to market risks, read all scheme related documents carefully.

Riskometer

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

- To generate long term capital appreciation
- Investments in equity and equity related securities of companies benefiting directly or indirectly in Healthcare and allied sectors in India

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



Investors understand that their principal will be at High Risk

Product Labelling

Mirae Asset Hybrid Equity Fund is suitable for investors who are seeking*

- Capital appreciation along with current income over long term
- Aggressive hybrid fund investing predominantly in equities & equity related instruments with balance exposure to debt & money market instruments

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



Investors understand that their principal will be at Moderately High Risk

Product Labelling

Mirae Asset Equity Savings Fund is suitable for investors who are seeking*

- Capital appreciation and income distribution
- Investments in equity and equity related instruments, arbitrage opportunities and debt & money market instruments

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



Investors understand that their principal will be at Moderately High Risk

THANK YOU

