

## **Mirae Asset Nifty 100 ESG Sector Leaders ETF** (NSE: MAESGETF BSE: 543246)

An open-ended scheme replicating/tracking Nifty100 ESG Sector Leaders Total Return Index  
(Formally known as Mirae Asset ESG sector leaders ETF)

## **Mirae Asset Nifty 100 ESG Sector Leaders Fund of Fund**

An open-ended fund of fund scheme predominantly investing in Mirae Asset Nifty 100 ESG Sector Leaders ETF  
(Formally known as Mirae Asset ESG sector leaders FoF)

# What is ESG?

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# Investment philosophy is changing

This is how it used to happen

**Traditional Investing**



Analysis based on financial parameters



Focus on profitability



This is where it is shifting to

**Sustainable Investing**



Analysis based on financial parameters



Focus on profitability



Focus on Environmental, Social and Governance



Sustainable business model



Increasing stakeholder activism and globalization is shifting company and investor focus towards sustainable growth and development.

# Sustainable Investing: Invest in companies with sustainable business models



Sustainable Investing incorporates Environmental, Social and Governance (ESG) factors into investment decisions as a mean to contribute towards the sustainable development of the community, better manage company specific risk and potentially enhance long-term returns.

*\*Sustainable Investing also includes positive/best-in-class screening, norm based screening, corporate engagement and shareholder action etc.*

## Focus on ESG factors: Increasing importance of non-financial parameters



Focus now on environmental, social and governance (ESG) factors to make companies grow sustainably with positive impact on internal and external stakeholders.

# Focus now on how money is made: Integrate ESG in ethos of the company



# Why ESG investing?

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# Companies facing increased exposure to ESG factors

## Environmental



Rise in Air Pollution



Deforestation and Mining



Water Contamination



Climate Change



Waste Management

## Social



Increasing labor strike



Sexual Harassment



Affordable Housing Scheme



Data Privacy



Eco - friendly product

## Governance



Increasing regulatory issues



Whistleblower complaints



Money laundering & corruption



Rise in financial frauds



Resignation of Independent Directors



# ESG issues are gaining traction and becoming material events

## Environmental (E)

Indian Oil Market Companies along with few others fined Rs. 286 Cr for Mahul Pollution.

Four companies operating in Mahul, Mumbai including Oil Marketing Companies will have to pay over 286 crore for increasing air pollution.

- Times of India

Thousands of protesters hit the streets demanding closure of copper plant in Thoothukudi, India

Local residents argue that the existing smelter has been polluting their water and air since it was established in 1996.

- The Indian Express

## Social (S)

Social Media giant to pay \$ 5 billion as regulator settles breach of data privacy compliant.

Social Media giant will pay a record \$5bn (£4bn) penalty in the US for “deceiving” users about their ability to keep personal information private, after a year-long investigation.

- The Guardian

US Fines Indian Drug Pharma company with penalty of US \$500 Million.

Indian pharma company pleaded guilty to seven counts of felony after it distributed several India-produced adulterated generic drugs in the U.S. in 2005-2006.

- Industry Week

## Governance (G)

India's second- largest public lender reports yet another loan fraud, shares tank over 6%.

The lender said that the fraud of Rs 3,688 crore related to the NPA account of a housing finance companies.

- Financial Express

Shares of Indian airlines tank 19 per cent as promoters' spat spills out in public.

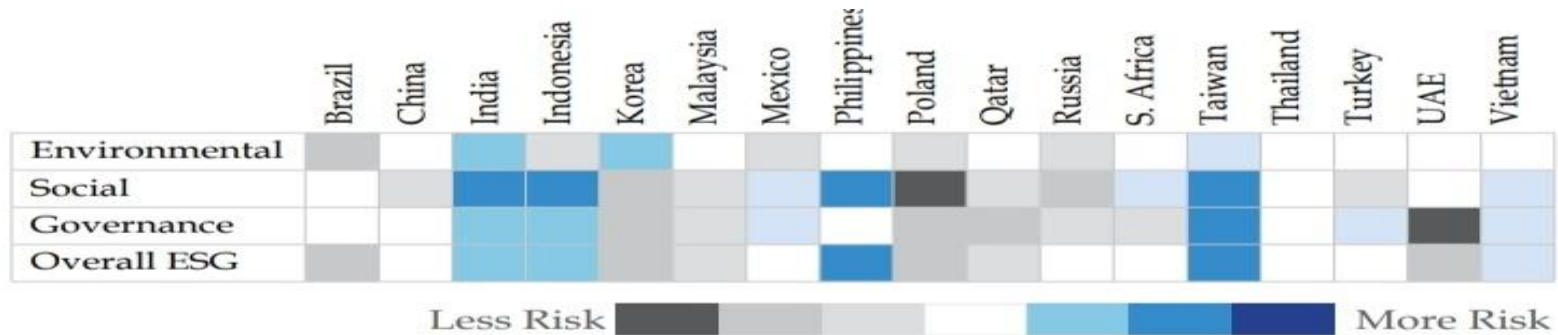
Share of operator of the low-cost carrier tanked more than 19 per cent after one of the company's co-founders approached SEBI over alleged corporate governance issues at the airline.

- Financial Express

# Why ESG is important now!

2010	2014	2018	2021
Asset Price Collapse	Fiscal crises	Weapons of Mass Destruction	Infectious Diseases
Retrenchment from Globalization	Climate Change	Extreme Weather	Climate Action Failure
Oil & Gas Price hike	Water Crises	Natural Disasters	Weapons of Mass Destruction
Chronic Diseases	Unemployment	Failure of climate change mitigation	Human Environmental Damage
Fiscal crises	Infrastructure breakdown	Water Crises	Biodiversity Loss

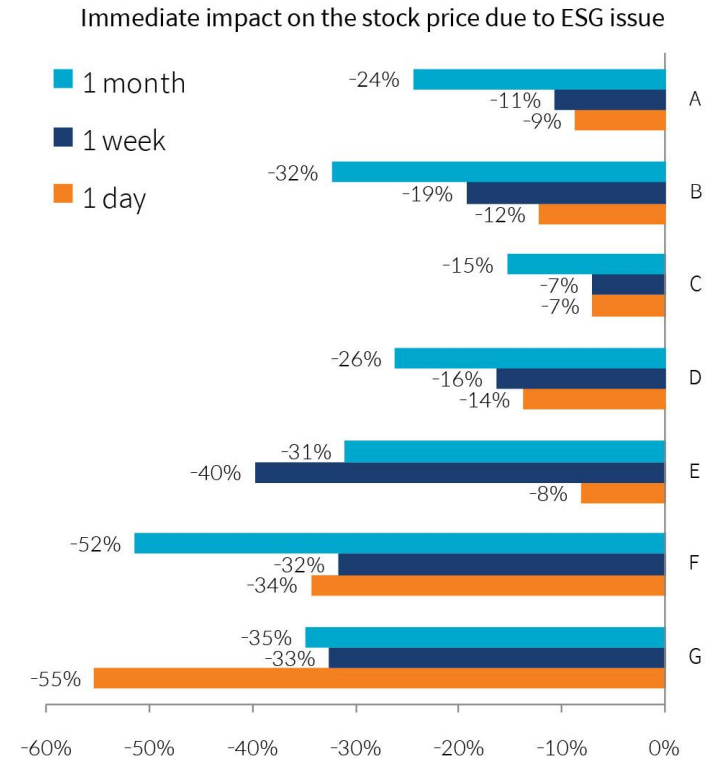
As per global risk report, 4 out of 5 top risks are related to environmental & societal issues



India faces higher ESG risk than other emerging economies

# ESG issues are gaining traction and becoming material events

Sr. No	Description
A	In May 2013, an Indian Pharma company pleaded guilt of felony charges related to drug safety and agreed to pay fine of USD 500 million.
B	In Feb 2018, India's second largest public lender discloses failure of governance mechanism that failed to prevent the massive fraud.
C	In May 2018, people at Thoothukudi protested against expansion of copper smelter plant citing environmental damages.
D	In Sep 2018, Mismanagement of funds at conglomerate engaged in leasing & financing led to significant loss to investor was discovered.
E	In Jan 2019, housing finance company was accused of siphoning off Rs. 31,000 Cr.
F	In Sep 2019, charges of financial fraud came up at another housing finance company listed in India.
G	In March 2020, RBI seized the board and management of the bank and appointed independent director due to lack of proper corporate governance.



ESG issues have created negative impact across several companies in recent past.

# Not just risk avoidance: ESG creates positive impact on companies



Sustainable business model with ESG focus can give quick access and approval in domestic and foreign market, leading to growth in top line.

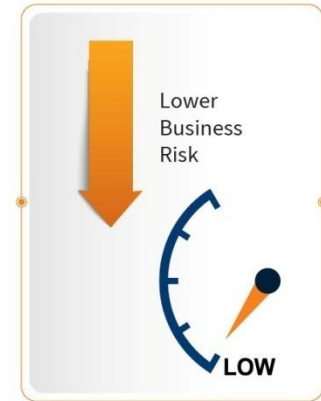
Strong ESG can lead to effective utilization of resource leading to cost saving.

Reduce regulatory and government intervention and increased support.

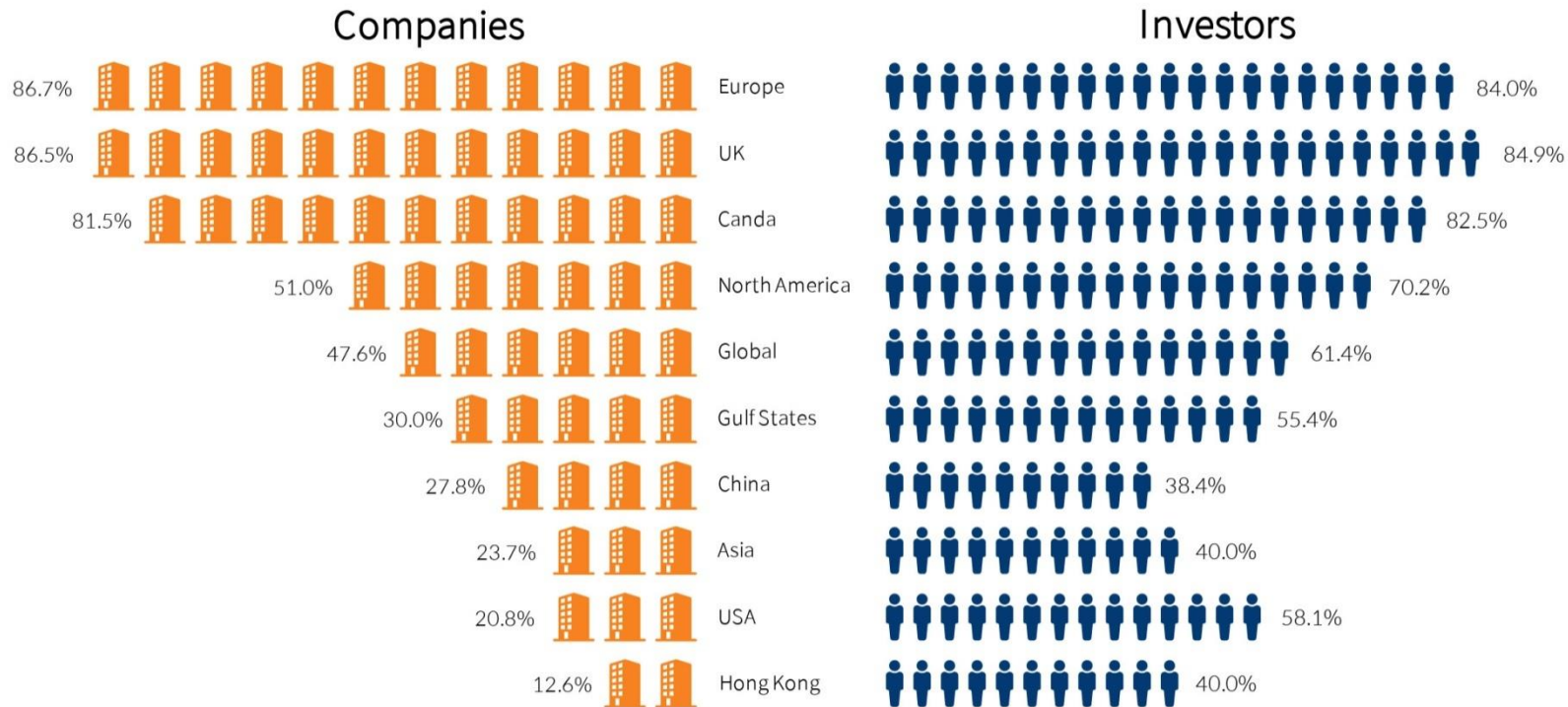
Retain, attract and motivate employees which may uplift their productivity.

Improve brand image and retain and attract customers.

By allocating capital to more promising & sustainable business, an organization can enhance project return.



# Companies and investors both are flocking for sustainable investments



ESG has been adopted both by the investors and businesses globally

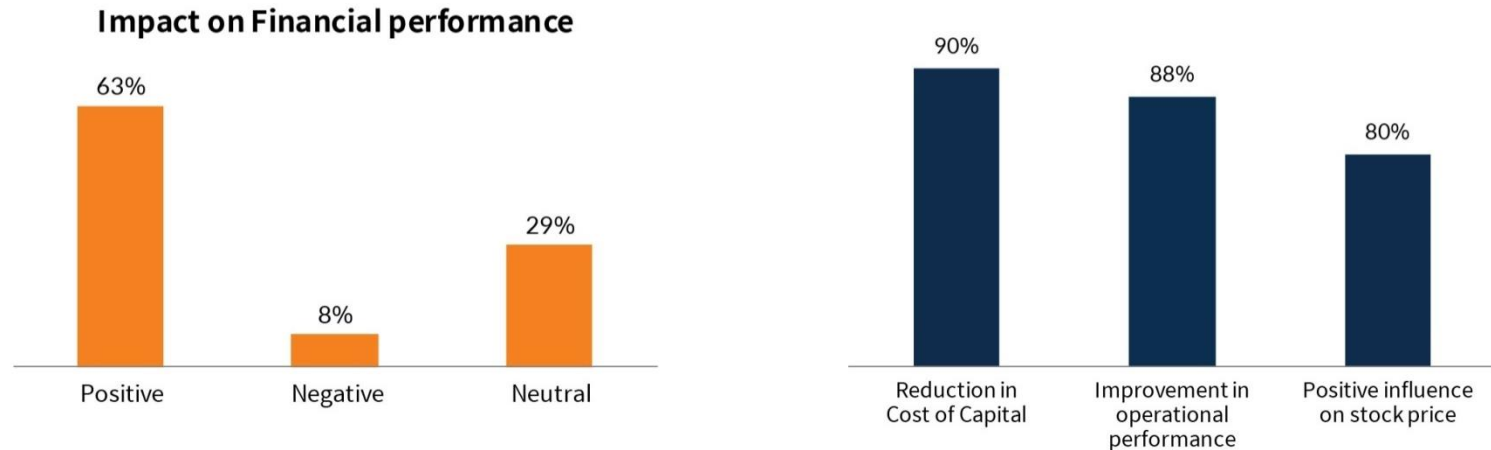
# Does ESG create value for investor?

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## Sustainable companies have shown better financial and stock performance

- ▶ 80% of the studies analyzed by Oxford concluded that there is positive performance associated with ESG investing.
- ▶ 63% of studies indicated direct positive impact of ESG on Financial Performance.
- ▶ ESG leads to significant reduction in cost of capital leading to premium valuation.



# ESG focused companies aims to create more wealth for Investor

## Lower Risk



- Above average risk control standard
- Less frequent severe incident
- Lower stock specific risk and volatility

## Improved financial performance



- More competitive advantage
- Better at developing long-term business plan
- Firm can leverage and generate higher level of profitability

## Improve Valuation



- Higher sustainable cash flows and profitability
- Strong ESG can decrease cost of capital and improve valuation
- Better brand image

## Focus on potential return to shareholder



- Focus on potential returns to shareholder
- Improved image & potentially higher valuation can help in commanding premium



## Benefit of ESG Investing: Get ready for the future



Firms can be better at developing long term business plans.



Push companies to be answerable for any activity which has negative impact on society and environment.



Companies which integrate and develop strong ESG practice will reduce occurrence of severe events.



Companies that do not integrate ESG in long-run will lose competitive advantage which may have negative impact on companies growth, profit and sustainability.



Better brand image, better management of customer & employee relationship and operational process lead to increased productivity and competitive advantage.

**Sustainable investing aims to generates long term wealth along with positive impact on the society.**

# Mirae Asset ESG Sector Leaders offerings

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# Mirae Asset Nifty 100 ESG Sector Leaders ETF (formerly know as Mirae Asset ESG Sector Leaders ETF)

A product created with expertise of multiple specialized entities.



## ESG Research

Research analysis by Sustainalytics, one of the leading global ESG research provider.

## Index Research

NSE has created NIFTY 100 ESG Sector Leaders Index with robust methodology and more ESG focused portfolio.

## ETF Construction

With an aim to bring innovative ETF offering which may create long-term wealth, Mirae Asset Mutual Fund collaborated for product development.

## About NIFTY 100 ESG Sector Leaders Index

The scheme will aim to track the performance of NIFTY 100 ESG Sector Leaders Index.



New Index by NSE which incorporates the latest research methodology by Sustainalytics, one of the global leaders in ESG research.



Index comprises of companies which have scored well on management of Environmental, Social and Governance (ESG) Factors.



Avoid taking exposure into companies engaged in the business of tobacco, gambling, alcohol and controversial weapon.



Avoid Investments in companies with controversies on E, S and G pillar.

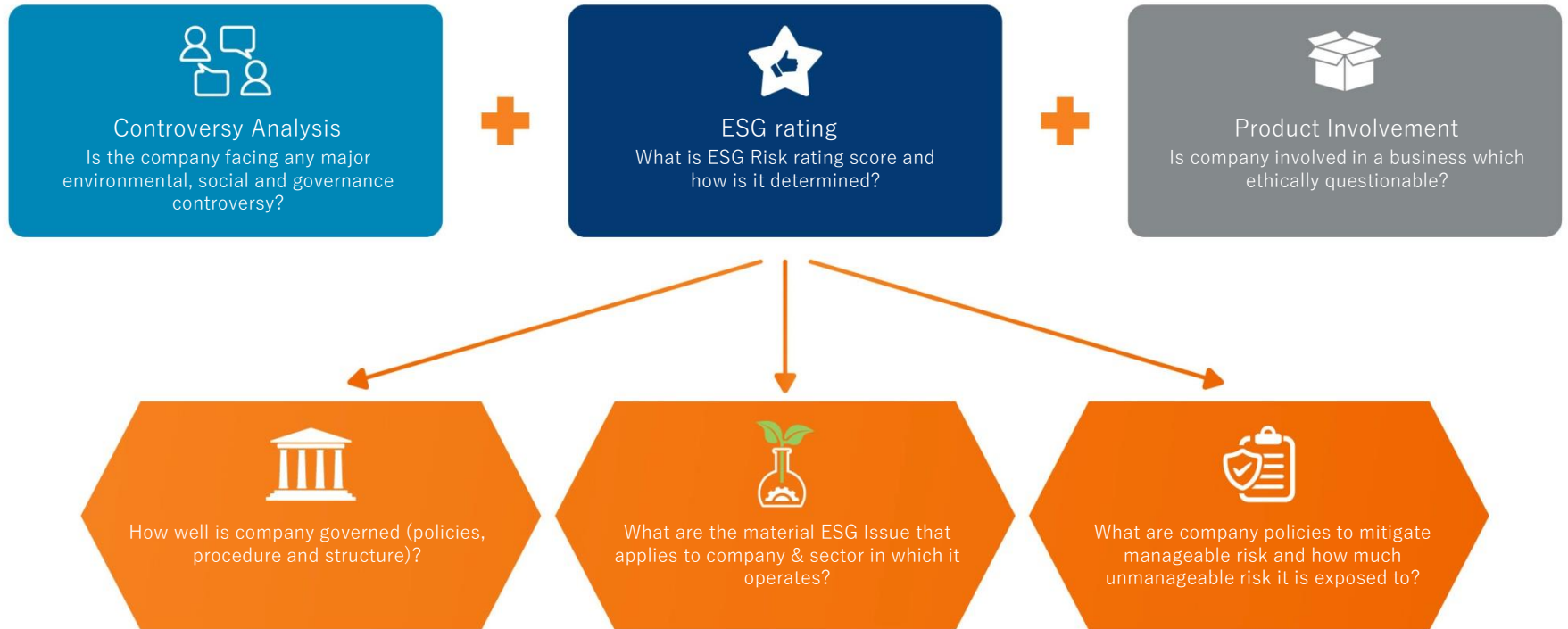


Compared against the best of the world.



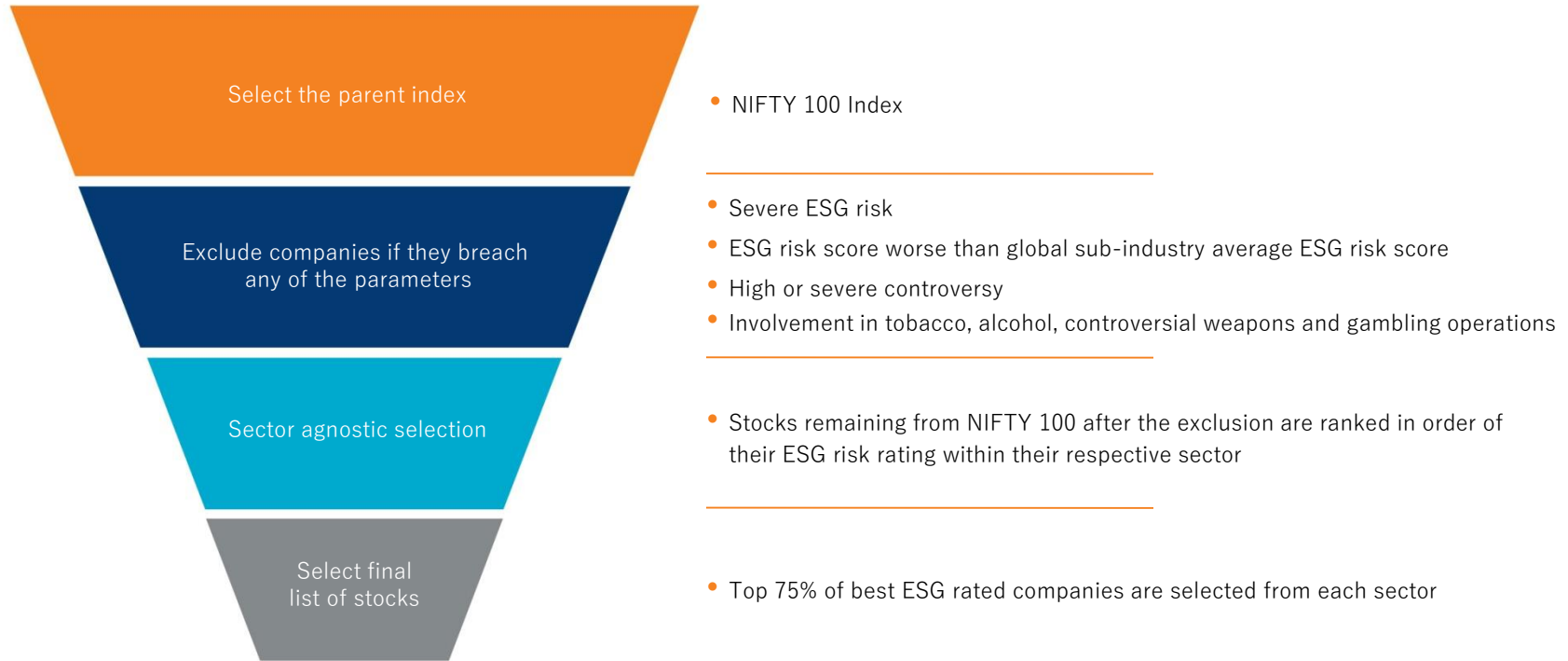
Aims to generate similar sector exposure as NIFTY100 index with investment only in companies with leading ESG practices.

## How is ESG Integrated in this product?



Each company is assessed on E,S and G factors relevant to its industry and itself.  
Companies are also assessed for any controversy and product involvement.

## How is NIFTY100 ESG Sector Leader Index constructed?



**A robust new methodology results in creation of portfolio with companies having superior ESG performance, no major controversy and no involvement in questionable businesses.**

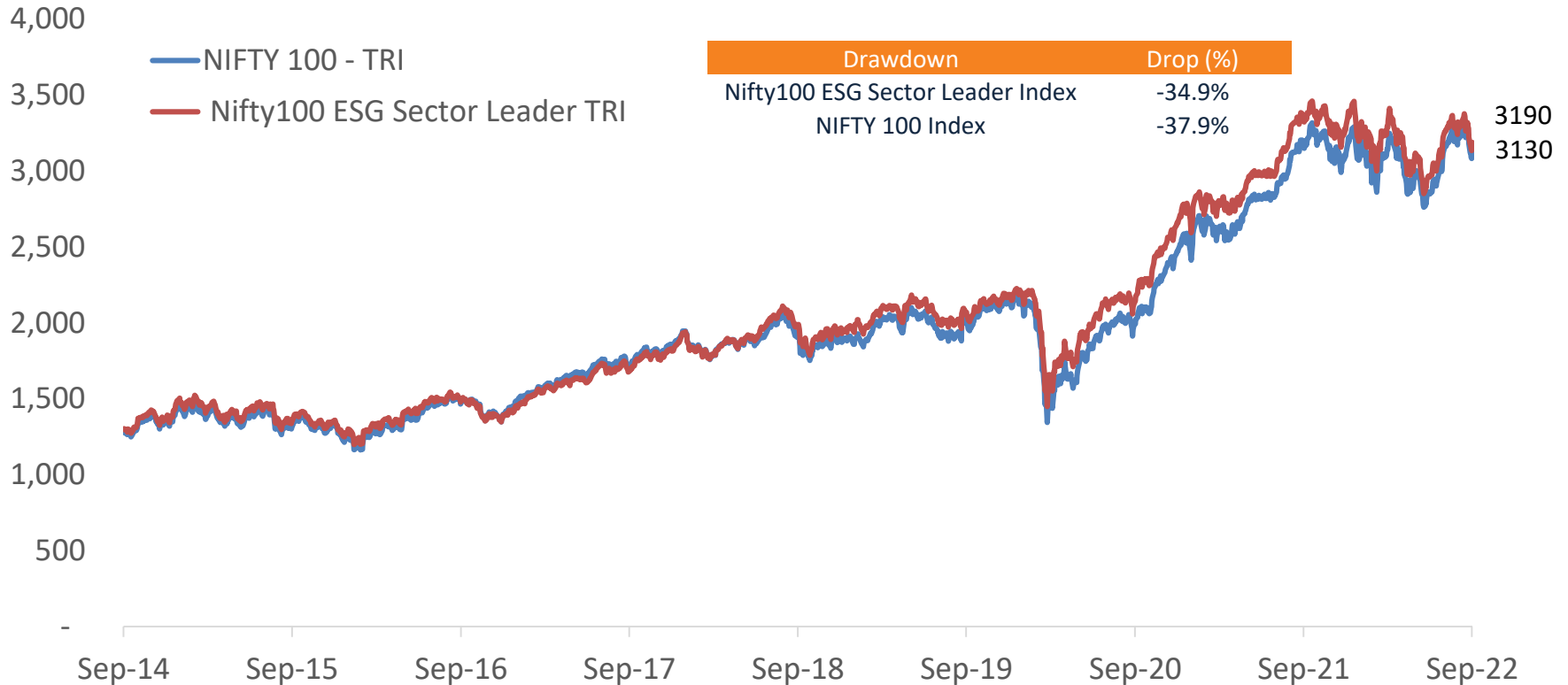
## Sector Allocation in line with broad based indices

Top 10 Stocks	ESG Score ^	Weightage (%)
HDFC Bank Limited	31.5	10.2%
Reliance Industries Limited	36.5	10.0%
Infosys Limited	15.1	8.6%
HDFC Limited	19.3	7.0%
Tata Consultancy Services	13.8	5.3%
Kotak Mahindra Bank Limited	22.8	4.4%
Hindustan Unilever Limited	25.8	3.8%
Larsen & Toubro Limited	34.3	3.7%
State Bank of India	29.9	3.2%
Axis Bank Limited	19.5	3.1%

Top 10 Sectors	Weightage (%)
Financial Services	32.2%
Information Technology	17.3%
Oil & Gas	10.6%
Fast Moving Consumer Goods	7.1%
Healthcare	5.3%
Consumer Durables	4.8%
Power	4.0%
Construction	3.7%
Metals & Mining	3.3%
Telecommunication	2.7%

- ▶ Stock weights are capped at 10% on a semi annual basis.
- ▶ Currently index has less weightage to financial services as compared to NIFTY 50.
- ▶ ESG index tilts in favor of consumer goods and IT sector vis-à-vis NIFTY 50.

## Nifty 100 ESG Sector leaders Index has an ability to outperform in long-run



**Historically, ESG Leaders Index has created more wealth than NIFTY 100 index with lower volatility.**

*NSE data as on Sep 30, 2022, Past performance may or may not sustain in future. The index returns are in Total Return Variant.*



# More wealth creation with lower volatility historically

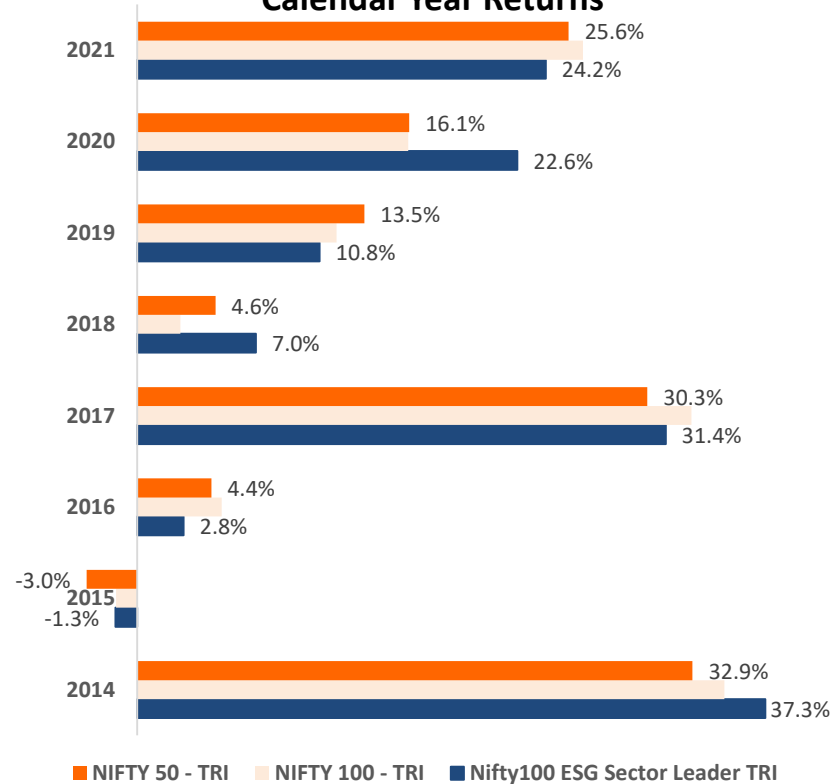
## Returns

Period	NIFTY 100 Index	Nifty100 ESG Sector Leader Index	Nifty 50 Index
7 Years	13.1%	12.9%	13.0%
5 Years	12.9%	<b>13.7%</b>	13.2%
3 Years	15.8%	15.5%	15.6%
1 Year	-1.0%	-4.3%	-1.6%
YTD 2022	0.1%	-3.4%	-0.4%
3 Months	9.8%	7.7%	8.7%

## Volatility

Period	NIFTY 100 Index	Nifty100 ESG Sector Leader Index	Nifty 50 Index
7 Years	17.5%	<b>17.0%</b>	17.7%
5 Years	19.1%	<b>18.4%</b>	19.3%
3 Years	22.1%	<b>21.5%</b>	22.4%
1 Year	18.2%	<b>18.1%</b>	17.9%
YTD 2022	18.7%	18.8%	18.7%
3 Months	14.0%	14.2%	14.2%

## Calendar Year Returns



**Nifty 100 ESG Sector Leaders Index has exhibited lower volatility than Nifty 50 and Nifty 100 Index**

## Has outperformed large cap funds over several periods

Period (Returns in %)	1 Year	3 Years	5 Years	7 Years
Nifty 100 ESG Sector Leaders Index	-4.3	15.5	13.7	12.9
Average of Large Cap Funds	-2.7	14.0	10.7	11.1
# schemes underperforming Nifty 100 ESG Sector Leaders Index	7	20	25	23
# schemes considered out of total schemes	29	26	25	25
% outperformed by Nifty 100 ESG Sector Leaders Index	24%	<b>77%</b>	<b>100%</b>	<b>92%</b>

**Nifty 100 ESG Sector Leaders Index has outperformed over 100% of large cap schemes over investment horizon of 5 years**

*Source: ACE MF; NSE Indices Limited Data as on Sep 30, 2022, The index returns are in Total Return Variant. Large Cap Mutual funds based on the SEBI circular on categorization and rationalization of Mutual Fund Scheme. 30 Large Cap Funds Regular Growth Plan have been considered ; Large cap funds are defined as minimum investment in equity & equity related instruments of large cap companies-80% of total assets The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund.*

## Mirae Asset Nifty 100 ESG Sector Leaders ETF (formerly know as Mirae Asset ESG Sector Leaders ETF)

- Invest in companies which aim to have lower business risk and higher sustainable growth opportunity
- Avoid companies with major controversies
- Aim to grow wealth and contribute to community with sustainable investing



**Expense Ratio:**  
65 bps



**Returns:**  
Replicates performance of Nifty 100 ESG Sector Leaders TRI subject to tracking error



**Authorized Participants:**  
Mirae Asset Capital Markets (India)  
East India Securities Limited  
Kanjalochna Finserve Private Limited



**ETF Units:**  
Creation Unit Size = 2,50,000 units



**Listing:**  
NSE (MAESGGETF) & BSE (543246 )



**Others:**  
iNAV available on Website

# Mirae Asset Nifty 100 ESG Sector Leaders Fund of Fund (formerly know as Mirae Asset ESG Sector Leaders Fund of Fund)

- Invest in companies which aim to have lower business risk and higher sustainable growth opportunity
- Avoid companies with major controversies
- Aim to grow wealth and contribute to community with sustainable investing
- Provides the advantage of investing in Exchange Traded Funds through Mutual Fund Route



#### **Expense Ratio \***

Direct: 11 bps  
Regular: 49 bps



#### **Returns:**

Replicates performance of Nifty 100 ESG Sector Leaders TRI subject to tracking error



#### **Plans & Options Available:**

Regular & Direct Plan with Growth Option



#### **Minimum Investment Amount:**

₹ 5,000/- and in multiples of ₹ 1/- thereafter



#### **Allotment Date:**

18<sup>th</sup> November 2020



#### **Exit Load:**

If redeemed within 3 months from the date of allotment: 0.50%  
If redeemed from 3 months from the date of allotment: NIL

# Disclaimers

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**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.

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

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

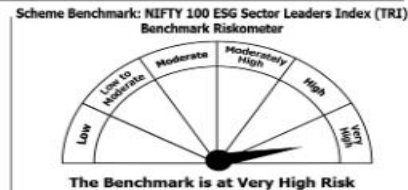
Please consult your financial advisor or Mutual Fund Distributor before investing

## PRODUCT LABELLING

Mirae Asset Nifty 100 ESG Sector Leaders Fund of Fund is suitable for investors who are seeking\*

- To generate long term capital appreciation/income
- Investments predominantly in units of Mirae Asset Nifty 100 ESG Sector Leaders ETF

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

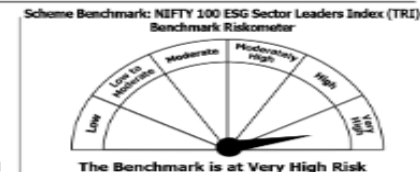
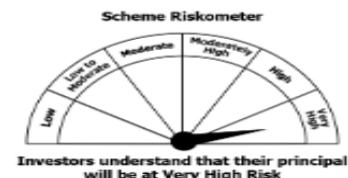


## PRODUCT LABELLING

Mirae Asset Nifty 100 ESG Sector Leaders ETF is suitable for investors who are seeking\*

- Returns that are commensurate with the performance of NIFTY100 ESG Sector Leaders Total Return Index, subject to tracking error over long term
- Investments in equity securities covered by NIFTY100 ESG Sector Leaders Total Return Index

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



**THANK YOU**

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