

# MIRAE ASSET HEALTHCARE FUND (MAHCF)

Sectoral/Thematic Fund - An open ended equity scheme investing in healthcare and allied sectors

September 2023



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**Healthcare, Close to our life**

## Main Health Issues

### Hyper tension

Healthcare is most important in modern society **Every 4<sup>th</sup> 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**

### 4 Major non-communicable diseases (NCDs\*)

Cardiovascular Disease	Diabetes	Chronic Respiratory Disease	Cancer  Stroke
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### Non Communicable Disease toll

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

I. \*CVD – Cardiovascular Diseases; NCD – Non Communicable diseases

II. Source: WHO report on Indian Health Statistics, International Diabetes Federation Report 2022, (latest available report and that no further report has been published after 2022)

## Major segments in India's healthcare sector



### Hospitals

Government (healthcare centres, district hospitals, general hospitals,)  
Private (nursing homes, mid-tier & top-tier private hospitals)



### Pharmaceutical

Includes manufacturing, extraction, processing, purification & packaging of chemicals for use as medications for humans or animals.



### Diagnostics

Comprises businesses & labs that offers analytical or diagnostics services, including body fluid analysis.



### Medical equipment and supplies

Includes manufacturing medical equipment & supplies, e.g. surgical, dental, orthopaedic, laboratory instruments, etc.



### Medical insurance

Includes health insurance & medical reimbursement facility, covering an individual's hospitalization expenses incurred due to sickness.



### Telemedicine

Has enormous potential in meeting the challenges of healthcare delivery to rural & remote areas besides several other applications in education, training & management in the health sector.

# Healthcare : A Growing Opportunity

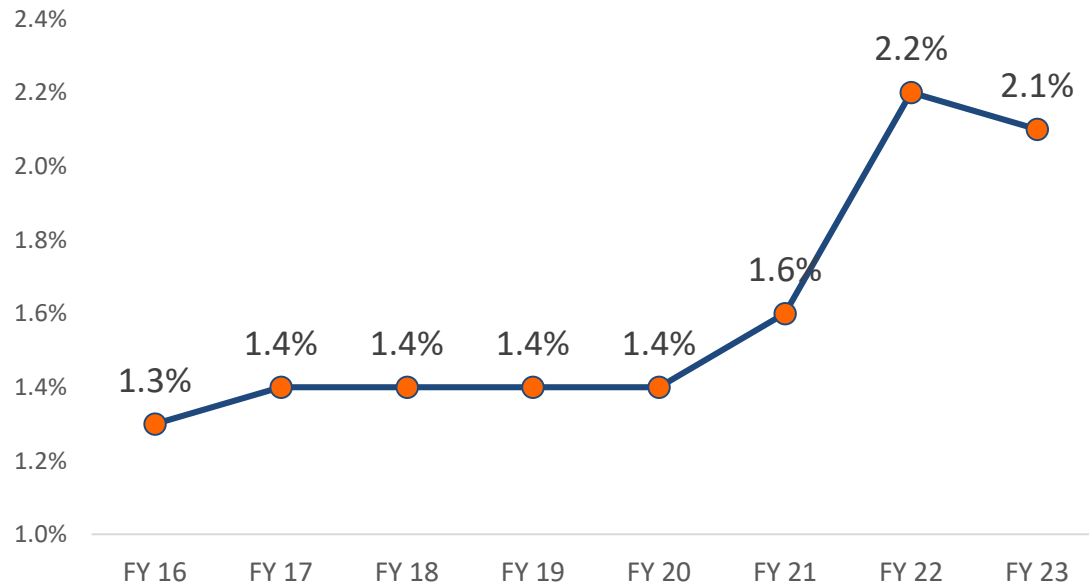
## Growth Driver of Indian Healthcare Market

Financial Savings	<ol style="list-style-type: none"> <li>1) The cost of quality of medical procedures and services are low in India when compared to other competitors in the field</li> <li>2) India is delivering world-class care and treatment at lower costs, with savings of ~65-90% as compared to the US</li> <li>3) This confluence of highest quality and cost advantage makes India a unique and attractive destination for Medical Value Travel</li> </ol>
Latest Medical Technology Systems	<ol style="list-style-type: none"> <li>1) Indian hospitals have invested in supportive technology and operative techniques and are constantly building on their expertise</li> <li>2) Advancements in robotic surgeries, radiation, cyber knife stereotactic options, IMRT/IGRT*, transplant support systems are widely available in India</li> <li>1) India is home to some of the most renowned hospitals that are well equipped with medical facilities which helps provide greater accuracy and a holistic well-being.</li> </ol>
Traditional Therapies	<ol style="list-style-type: none"> <li>1) India is the focal point of Ayurveda, Yoga &amp; Naturopathy, Unani, Siddha, and Homeopathy (Ayush), providing access to indigenous systems of medicine to patients to keep both the mind and body aligned, peaceful, and in perfect health</li> </ol>
Fast-track Appointments	<ol style="list-style-type: none"> <li>1) Patients can get immediate treatments, with low waiting time compared to other countries, allowing prompt attention to the needs of the patients</li> </ol>
Diversity Of Tourism Products	<ol style="list-style-type: none"> <li>1) India offers opportunities for Medical Value Travelers to combine their treatment with visits to tourist destinations</li> </ol>

# Growing expenditure of government

- The Government of India, in FY 2023-24 has hiked allocation to the Healthcare sector by nearly 13% against that of FY 2022-23.
- The Indian Government is focusing on two core drivers of improved healthcare: increasing the number of trained medical professionals and investing in research and development.
- The digital healthcare market in India is expected to reach US \$485 billion by 2024, driven by rising income, better health awareness, lifestyle diseases and increasing access to insurance and technology.

**Health expenditure as a percentage of GDP**

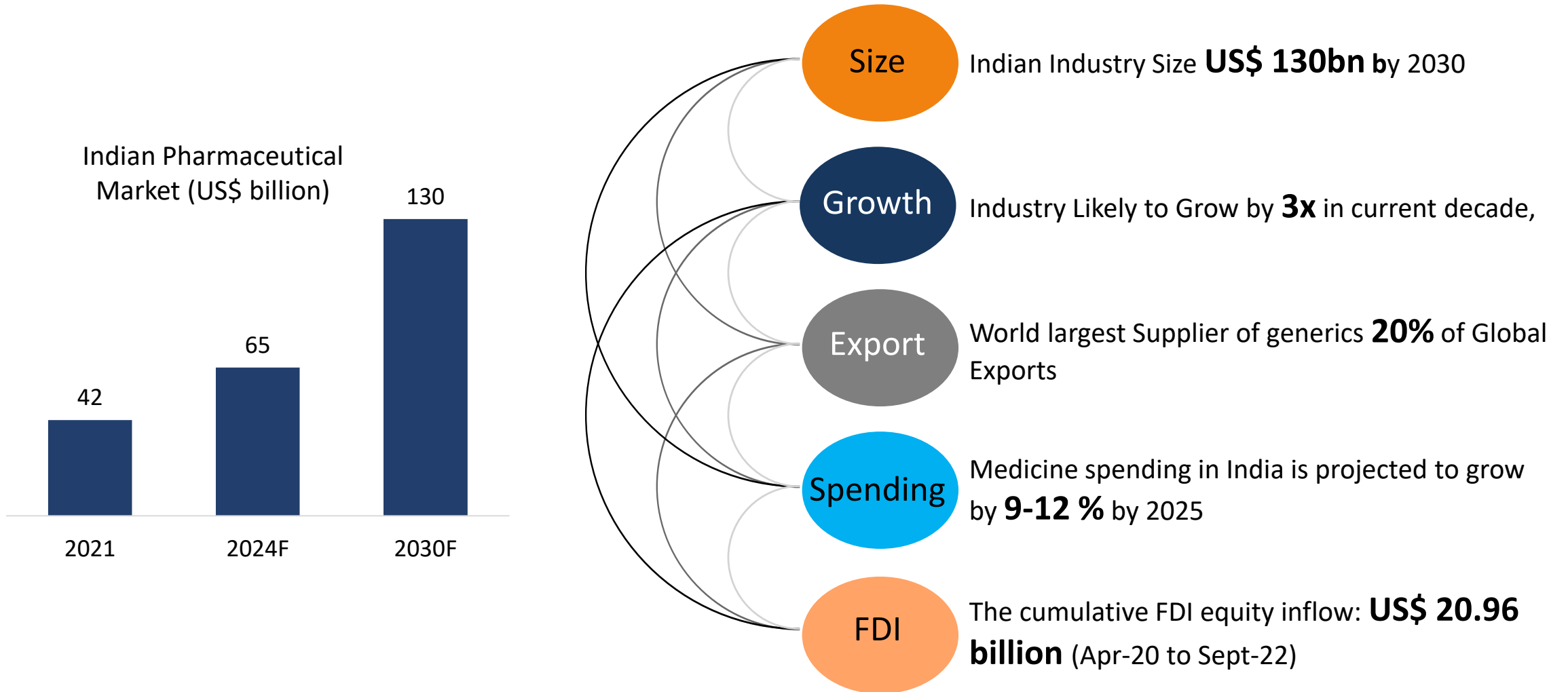


## Government Initiatives

- ✦ Strong support to industry growth, Build Pharma Park, R&D Centre
- ✦ Encourage Foreign Direct Investment
- ✦ Credit incentives for healthcare infrastructure
- ✦ Establishment of 157 new nursing colleges, and focusing on creating healthcare facilities in tier 2 and tier 3 cities as well.

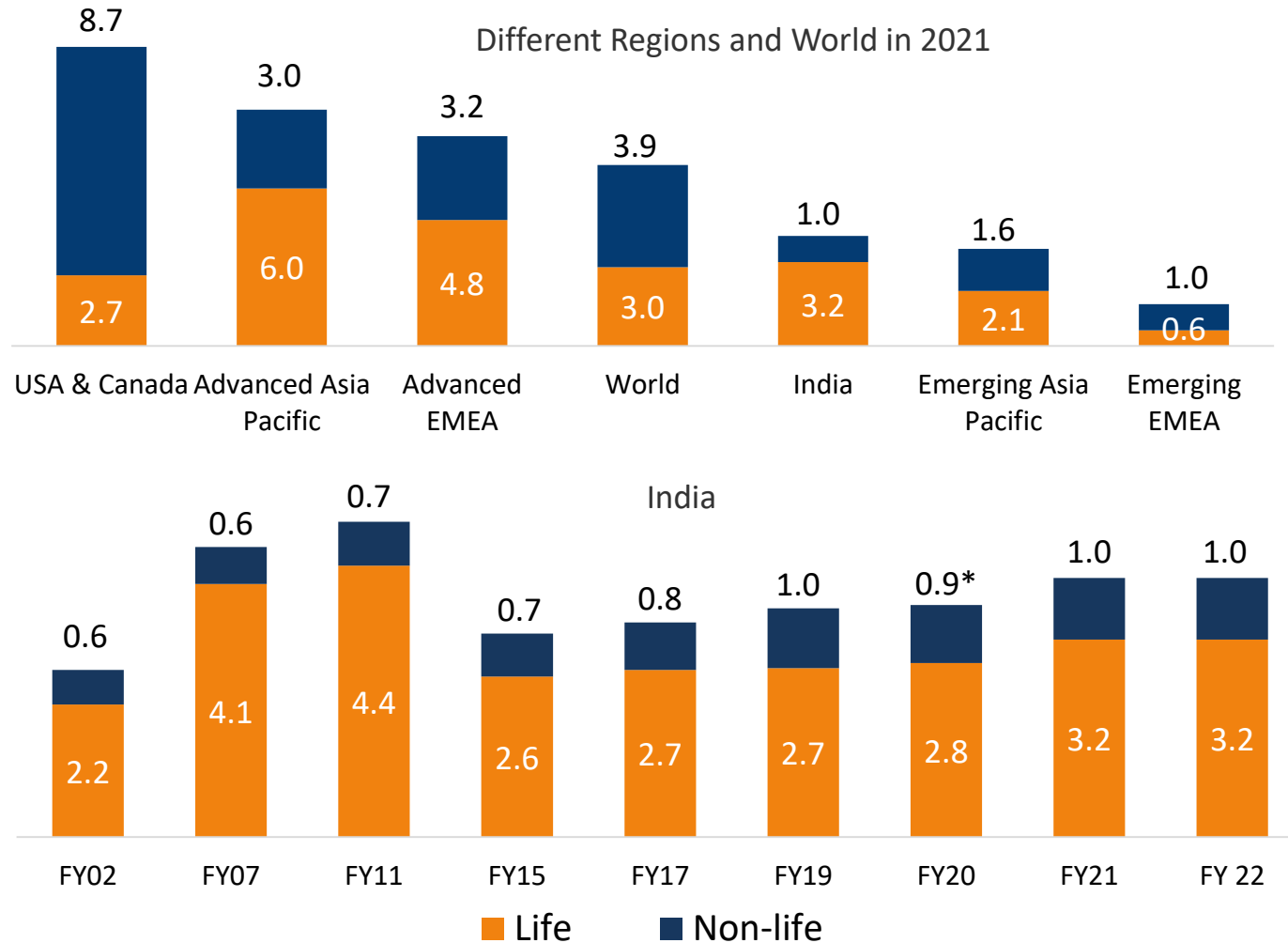


# Sectoral Drivers - Pharmaceutical



## Sectoral Drivers – Insurance

### Insurance Penetration (%)



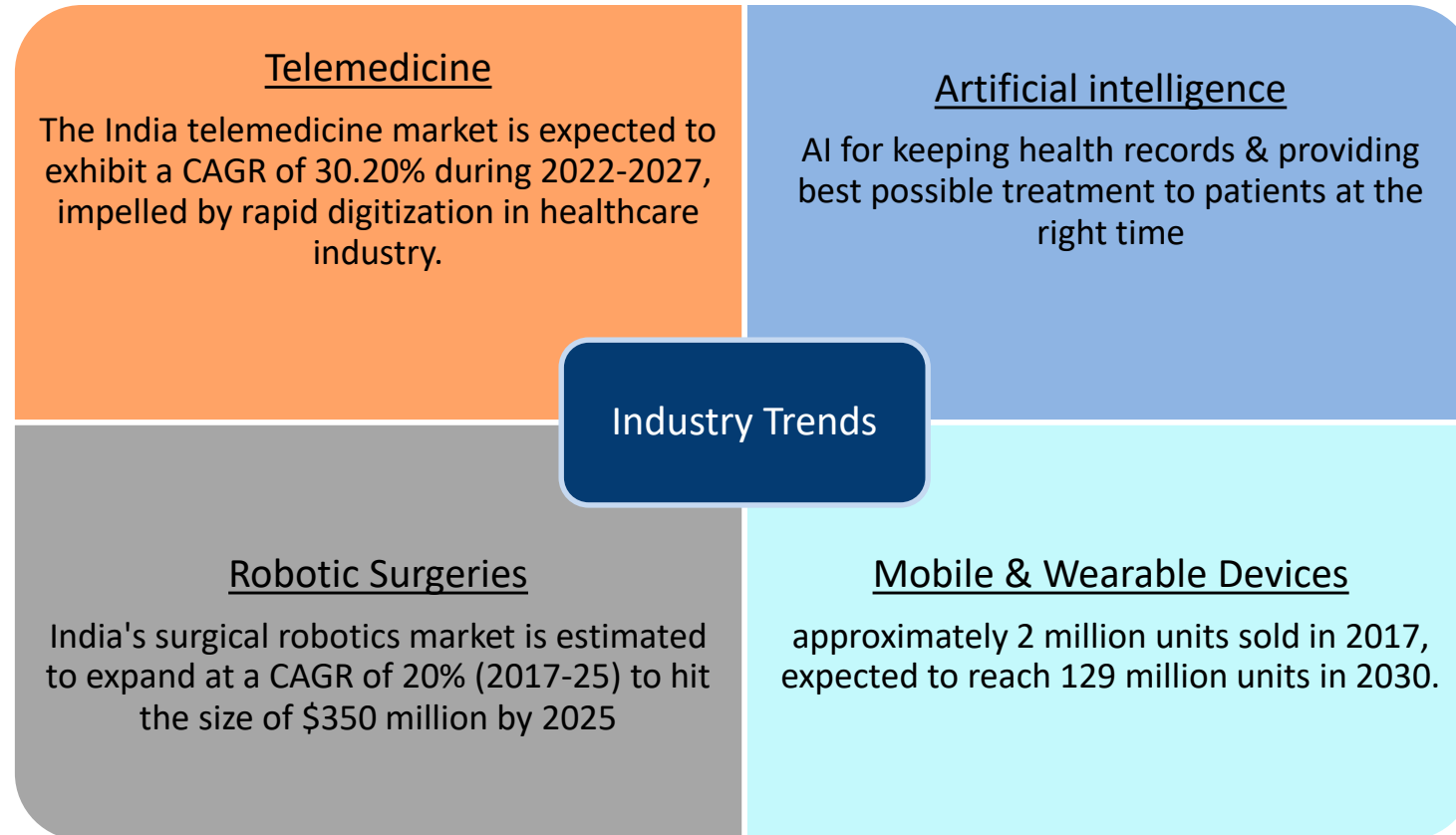
- India is the 9th largest Life Insurance market globally, (10<sup>th</sup> largest in 2022)
- Increasing focus on fitness and health is driving innovation in health insurance products
- The general and health insurers have issued 266 Mn policies in FY 22, reporting an increase of 7.7%
- The Indian health insurance industry reported a growth of 26.3% in FY 22, making it the largest non-life insurance sub-segment with a market share of about 36%

Source: Invest India, data as on April 30, 2023.

Note: Insurance penetration is measured as ratio of premium to GDP

\*Rounding off difference Source: IRDAI Annual report 2021-22  
EMEA- Europe, the Middle East and Africa, GDP: Growth Domestic Product

## Sectoral Drivers – R&D, Digitalization



### R&D and Digitalization will lead to

- Creating extreme winners and losers by industry
- Radically reshaping consumer to company interactions
- Transferring value to the consumer
- Dramatically lowering the cost base driven by technology/labor trade-offs across “processes”
- Dislocating the “role of the worker”

## Sectoral Drivers – Health Tourism

The segment is expected to grow to USD 13 Billion in coming years.

In 2017, India ranked 7th in the top 20 wellness tourism markets globally and 3rd in the top 10 wellness tourism markets in Asia-Pacific

According to estimates from the Ministry of Tourism, India witnessed 186,644 Foreign Tourist Arrivals (FTAs) for medical purposes in 2020, accounting for 7% of the total FTAs.



### Health Tourism in India

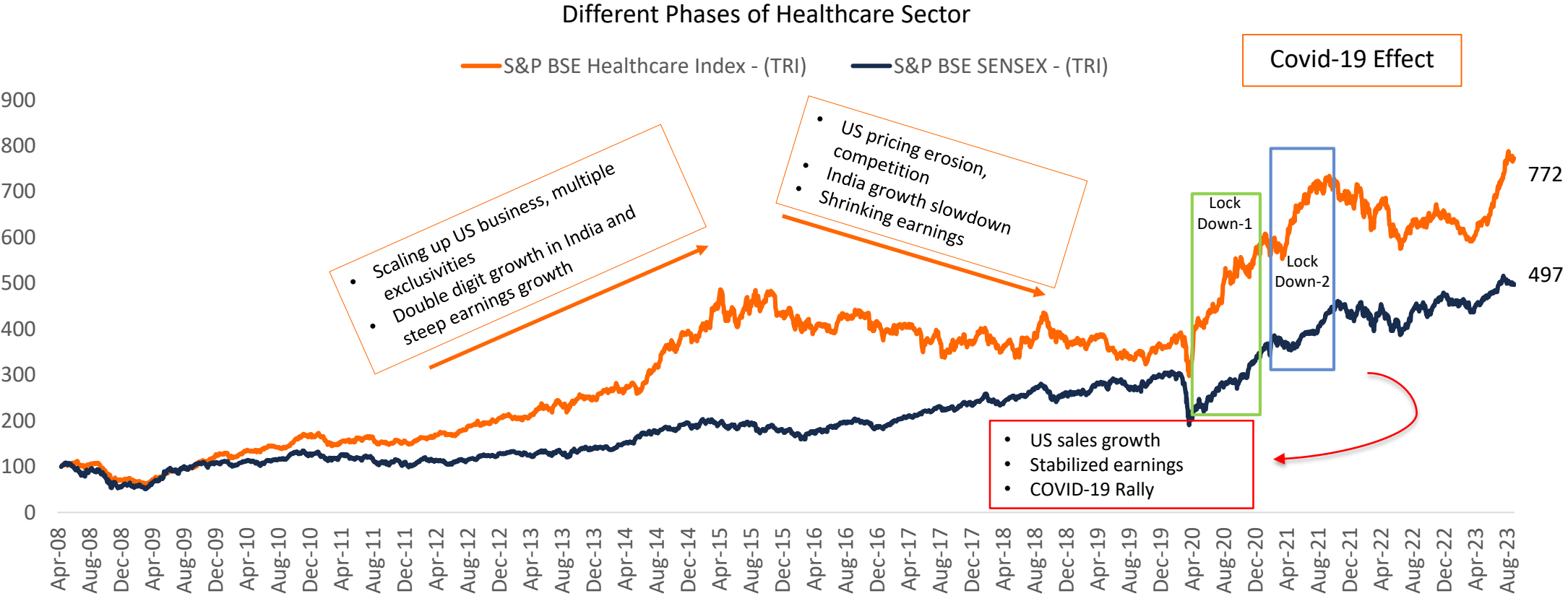
- presence of world-class hospitals and skilled medical professionals
- low treatment costs in comparison with other countries
- superior quality healthcare
- credibility in alternative systems of medicine

### Comparison of prices of common medical procedures in India with other nations for Medical Value Travel (MVT)

Medical Procedure	India (US\$)	High* (US\$)	Low* (US\$)
Heart Valve Replacement	9,500	39,990	9,500
Heart Bypass	7,900	26,000	7,900
IVF Treatment	2,500	14,900	2,500
Angioplasty	5,700	17,700	4,200
Knee Replacement	6,600	17,500	6,600

# Benchmark - S&P BSE Healthcare Index

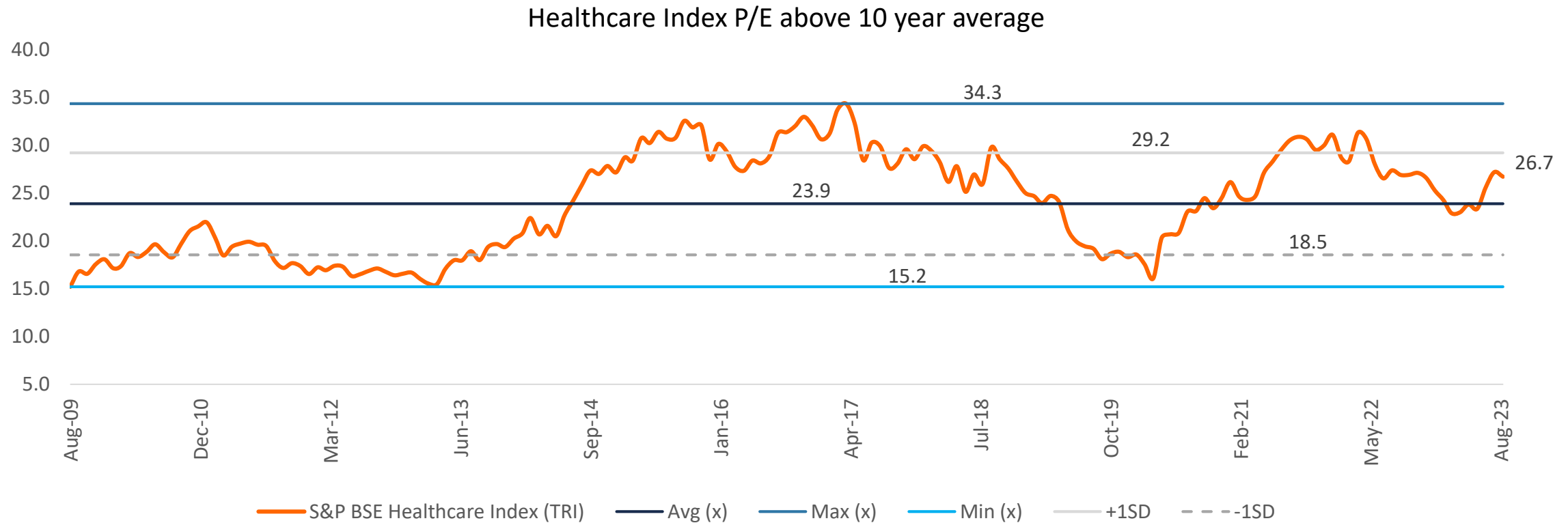
# S&P BSE Sensex (TRI) & S&P BSE Healthcare Index (TRI)



S&P BSE Healthcare Index has outperformed S&P BSE Sensex since inception

Past Performance may or may not be sustained in future.  
Source: AceMF, 31<sup>st</sup> August 2023, Index values are Rebased to 100.

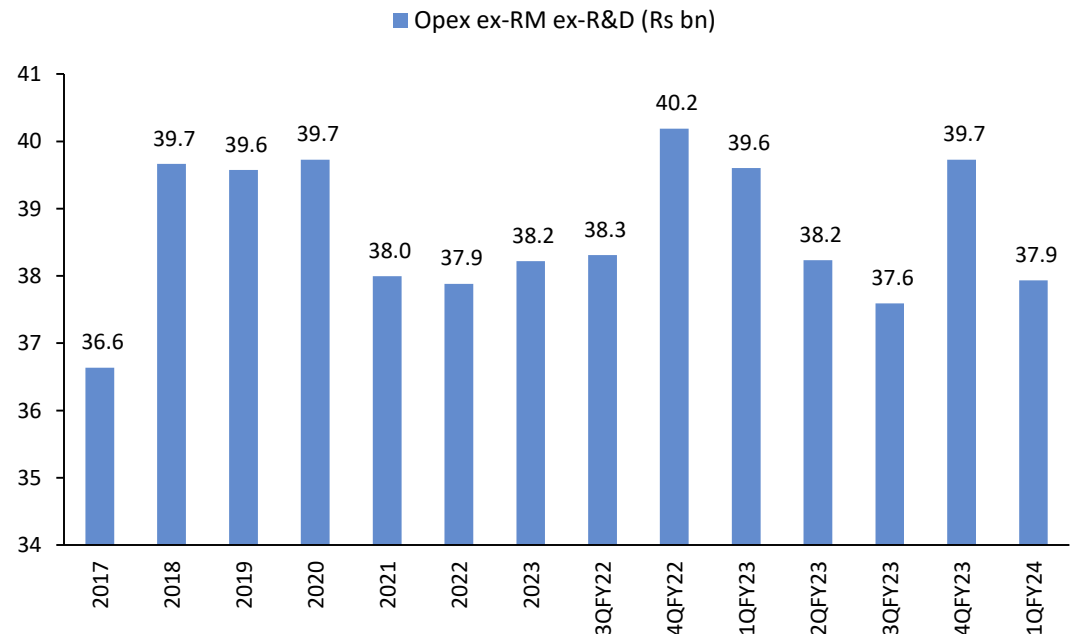
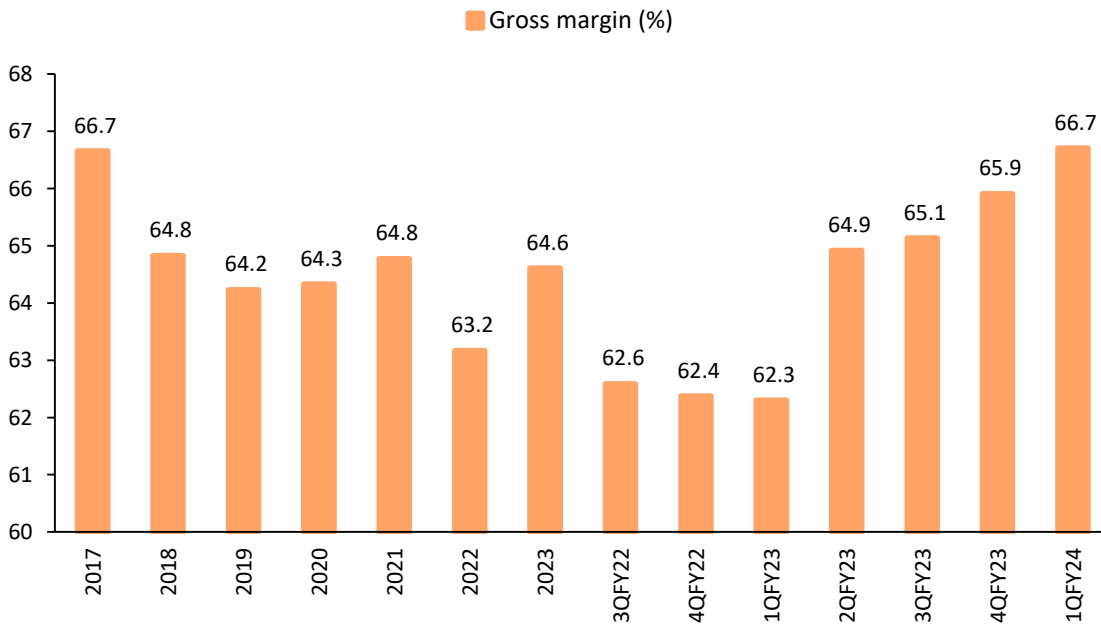
## Secular growth at reasonable valuations



- **2008-14 traded at 11-20x:** Companies ventured to global markets
- **2014-15 traded at 20-28x:** Possible Benefits accruing from investments in US and strong USD vs INR
- **2018-20 de-rated to 15-20x:** Challenges faced by the industry in the US
- **Since FY 20-21** Benchmark has remained above historic Average

# Short Term Outlook

- ❑ Pharma sector saw substantial price pressure over the last one year in the US market, expect price erosion to stabilize in the near term which would help stabilize gross margins in the US market, which we have already started playing out over the last few quarters
- ❑ Price increase in the branded business should start to take effect and help margins improve further over the next few quarters
- ❑ The pharma industry saw increased cost escalation across various heads like - raw material, freight, packaging cost etc, on account of overall commodity price increase over the last 12 months. With normalization of the much of these costs, the margins should further expected to see better levels over the next few quarters

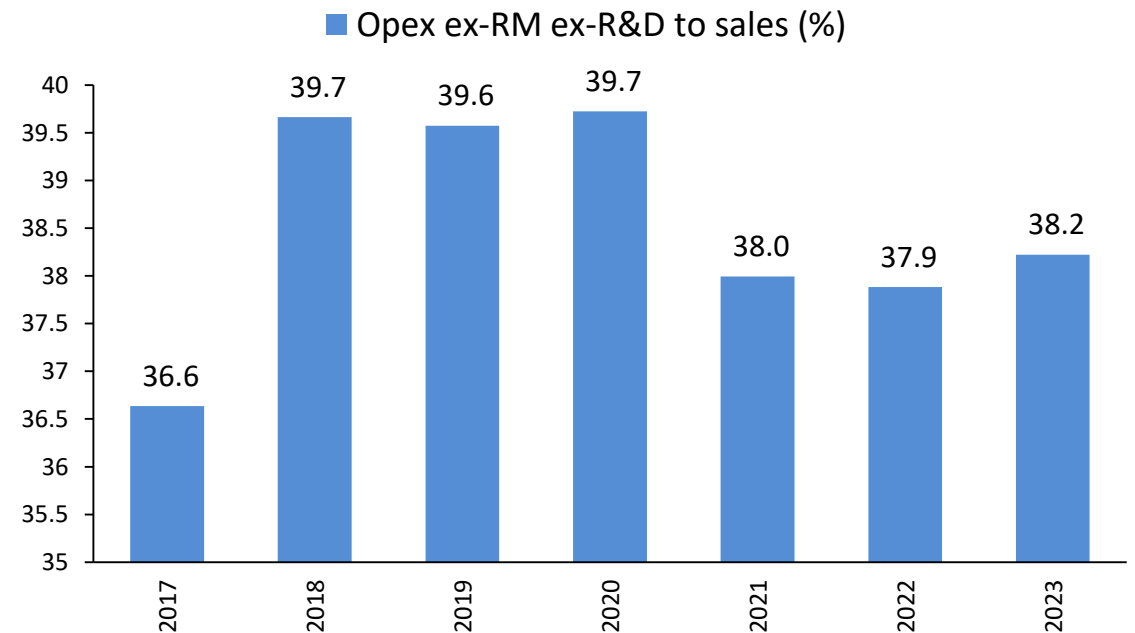
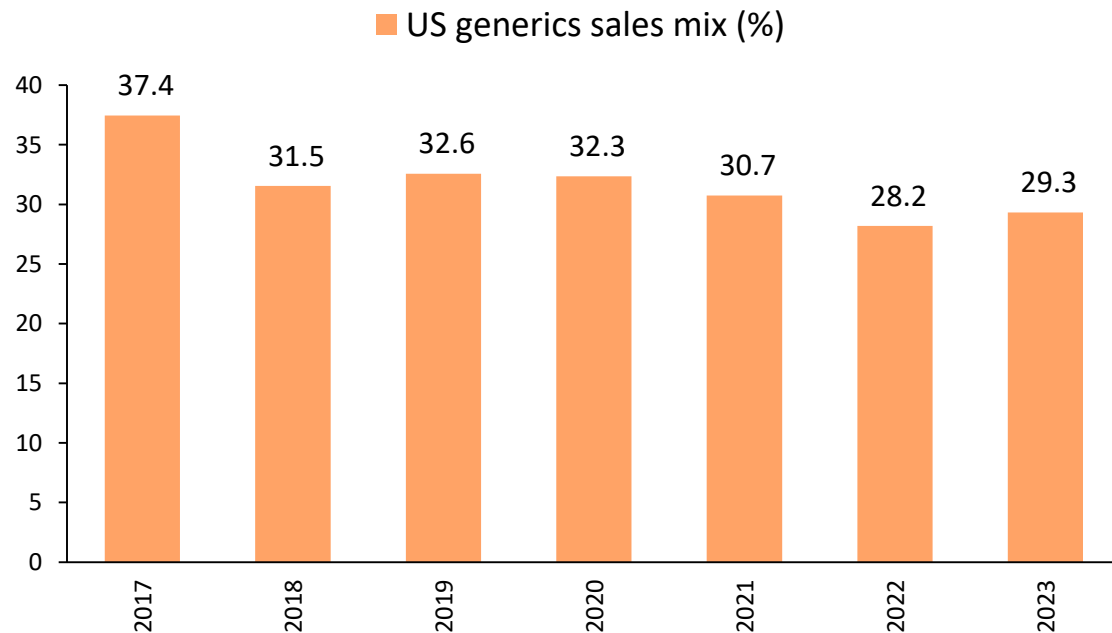


Source: Internal, Data as on Q1, FY 24 i.e. April-June 2023. RM: Raw Material, R&D: Research & Development



# Long Term Outlook

- ❑ Diversification of export revenue from geographies other than US and other generic business
- ❑ Increasing focus on building branded generic business as they have more stable cash flows, via M&A or in-licensing opportunities
- ❑ India Pharma/Healthcare continues to focus on cost optimization
- ❑ Regulatory inspections have restarted, however we continue to believe that the industry is now substantially better off in terms of compliance and also de-risked in case of any challenge



# About Mirae Asset Healthcare Fund

# Mirae Asset Healthcare Fund

## Investments in Fund

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



## Investment Framework<sup>^</sup>

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

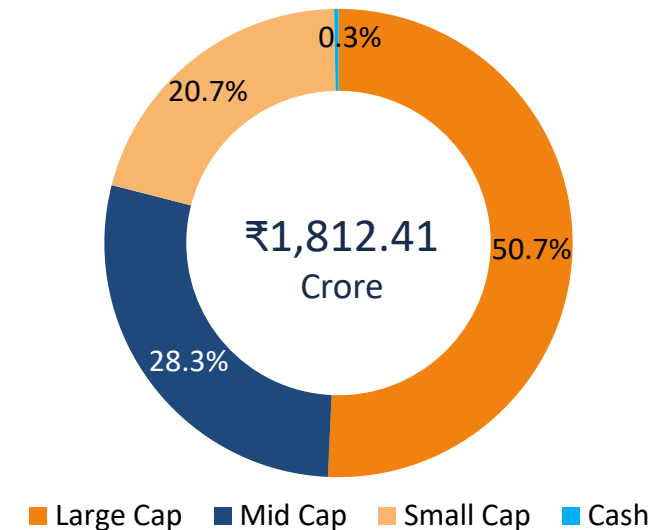
<u>Fund Inception</u>	<u>Category</u>	<u>Benchmark</u>
2 <sup>nd</sup> July 2018	Pharma & Healthcare Fund	S&P BSE Healthcare Index (TRI)
<u>Goal</u>	<u>Ideal Investment Horizon</u>	<u>Risk Profile</u>
 Wealth Creation	 5+ Years	 Very High Risk

## Fund Manager



Mr. Vrijesh Kasera

## Net AUM of Fund

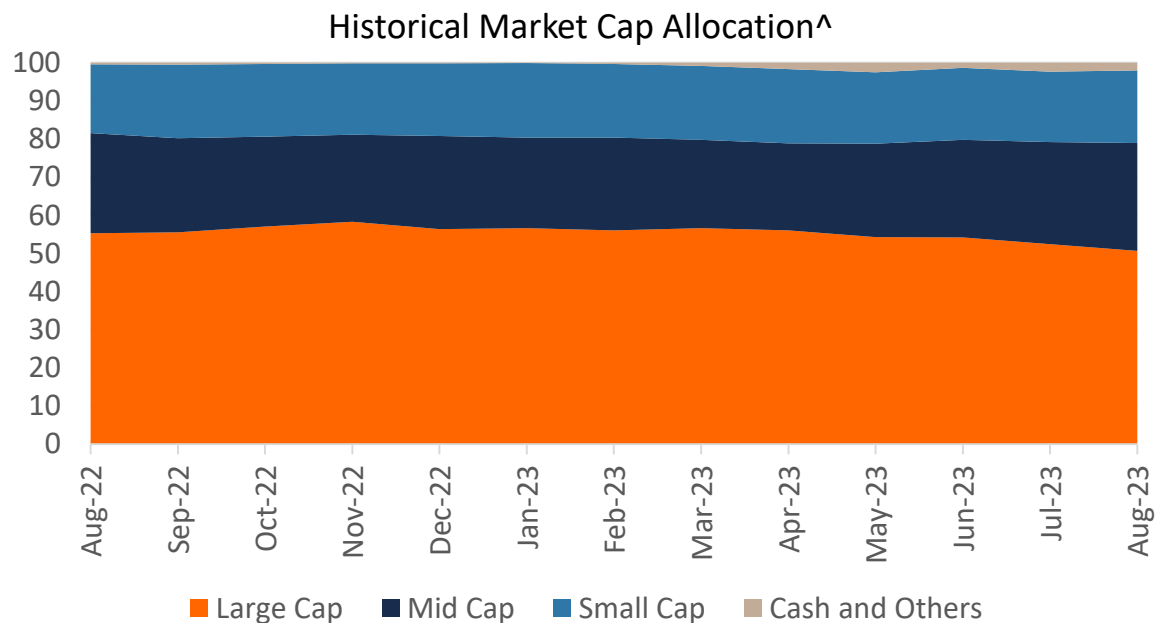


Source: Internal and AceMF, 31<sup>st</sup> August 2023.

<sup>^</sup>The investment Framework stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme.

Pursuant to Clause 2.7 of Part IV of SEBI Master Circular dated May 19, 2023, the universe of "Large Cap" shall consist of top 100 companies, "Mid Cap" shall consist of 101<sup>st</sup> to 250<sup>th</sup> company,, "Small Cap" shall consist of 251<sup>st</sup> and onwards companies in terms of full market capitalization.

# Portfolio Attributes



Ratios	
Beta	0.95
Alpha	1.24%
Treynor Ratio	0.11
Sharpe Ratio	0.66
Tracking Error	3.12%

Portfolio Top 10 Holdings	
	% Allocation
Sun Pharmaceutical Industries Limited	15.60%
Cipla Limited	10.34%
Dr. Reddy's Laboratories Limited	8.38%
Krishna Institute Of Medical Sciences Limited	7.17%
Apollo Hospitals Enterprise Limited	7.06%
Aurobindo Pharma Limited	6.63%
JB Chemicals & Pharmaceuticals Limited	5.55%
Torrent Pharmaceuticals Limited	4.52%
Biocon Limited	3.70%
Fortis Healthcare Limited	3.37%
Others	27.39%

Sector Holdings	
	% Allocation
Pharmaceuticals & Biotechnology	73.23%
Healthcare Services	20.58%
Chemicals & Petrochemicals	3.06%
Insurance	2.83%

Source : Internal Data as on 31<sup>st</sup> August 2023. Past performance and Portfolio may or may not be sustained in future

^Pursuant to Clause 2.7 of Part IV of SEBI Master Circular dated May 19, 2023, the universe of "Large Cap" shall consist of top 100 companies, "Mid Cap" shall consist of 101st to 250th company, "Small Cap" shall consist of 251st and onwards companies in terms of full market capitalization.

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.

Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 20% of the net assets of the Scheme.

The Scheme may invest in repo/reverse repo in corporate bonds.

Note: Investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document.

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

# Performance & Risk-o-meter

## Mirae Asset Healthcare Fund – Lumpsum Report Card

Period	Returns(%)		
	MAHCF	Scheme Benchmark*	Additional Benchmark**
Last 1 year	18.01	22.09	10.31
Last 3 years	16.91	15.67	20.30
Last 5 years	18.24	12.62	12.24
Since Inception	19.80	15.20	13.90
Value of Rs. 10,000 invested (in Rs.) Since Inception*	25,434	20,774	19,589
NAV in Rs. (as on 31 <sup>st</sup> August, 2023)	25.4340		
Index Value (as on 31 <sup>st</sup> August, 2023)	Index Value of Scheme benchmark is 31987.20 and S&P BSE Sensex (TRI) is 99117.59		
Date of allotment	02nd July, 2018		
Scheme Benchmark	*S&P BSE Healthcare Index (TRI)		
Additional Benchmark	**S&P BSE Sensex (TRI)		

Note:1. Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regular Plan - Growth Option  
Fund manager : Mr. Vrijesh Kasera managing the scheme since July 02, 2018 Note: Returns below or for 1 year are absolute returns, returns above 1 year are CAGR.  
For performance of schemes managed by Mr. Vrijesh Kasera refer slide no. 24.  
Past Performance may or may not be sustained in future. Compounded Annualized Growth returns. Source: Internal, Data as on 31<sup>st</sup> August 2023.

## Mirae Asset Healthcare Fund – SIP Report Card

	Since Inception	5 Years	3 Year	1 Year
Total Amount Invested	6,10,000	6,00,000	3,60,000	1,20,000
MKT Value as on 31 <sup>st</sup> August, 2023	10,18,159	9,93,214	4,38,444	1,40,978
Fund Return (%)	20.25	20.27	13.24	34.01
Benchmark^ Returns (%)	17.50	17.62	13.40	37.27
Add. Benchmark* Return (%)	15.42	15.53	13.50	13.40

Past Performance may or may not be sustained in future.

Source: Internal, Data as on 31<sup>st</sup> August 2023.

The above table shows performance since inception for Mirae Asset healthcare Fund - Regular Plan - Growth Option. ^Benchmark: S&P BSE Healthcare index (TRI),

\*Add. Benchmark: S&P BSE SENSEX (TRI). For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00.

The SIP returns are calculated by XIRR approach assuming investment of 10,000/- on the 1st working day of every month.



## Performance of other funds managed by the same fund manager

Scheme	Fund NAV Date of Allotment	Returns in %					Value of Rs. 10,000 invested (in Rs.) Since Inception
		6 months	1 Year	3 Year	5 Year	Since Inception	
Mirae Asset Hybrid Equity Fund		-	11.22	17.01	11.29	11.82	24,710
CRISIL Hybrid 35+65 - Aggressive Index*	24.7100 29th July, 2015	-	8.76	16.12	11.22	11.41	23,979
S&P BSE Sensex (TRI)**		-	10.31	20.30	12.24	12.53	26,012
Mirae Asset Equity Savings Fund		-	9.44	12.55	-	10.97	16,323
Nifty Equity Savings Index*	16.3230 18th Dec, 2018	-	7.77	10.50	-	9.27	15,181
CRISIL 10 Year Gilt Index**		-	6.88	3.70	-	5.91	13,105
Mirae Asset Flexi Cap Fund		35.18	-	-	-	33.51	11,499
Nifty 500 Index (TRI)*	11.6050 24th Feb, 2023	37.29	-	-	-	34.35	11,589
Nifty 50 Index (TRI)**		24.10	-	-	-	21.57	11,058

Past Performance may or may not be sustained in future. Note:1. Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regular Plan - Growth Option, Source: Internal, Data as on 31<sup>st</sup> August 2023. \*-Scheme Benchmark, \*\*.- Additional Scheme Benchmark  
For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10. . In case, the start / end date of the concerned period is a non-business date (NBD), the NAV of the previous date is considered for computation of returns.

Returns below or for 1 year are absolute returns, returns above 1 year are CAGR- Compounded Annualized Growth returns. Mirae Asset Hybrid Equity Fund: Fund managers: Mr. Harshad Borawake (Equity Portion) (April 01, 2020), Vrijesh Kasera (Equity Portion) (Since April 01, 2020) & Mr. Mahendra Jajoo (Debt Portion) (since September 08, 2016)

Mirae Asset Equity Savings Fund: Fund managers : Mr. Harshad Borawake (since October 12, 2019), Mr. Vrijesh Kasera (since October 12, 2019), Ms. Bharti Sawant (since December 28, 2020) and Mr. Mahendra Jajoo (Debt Portion) (since December 17, 2018).

Mirae Asset Flexi Cap Fund: Fund manager : Mr. Vrijesh Kasera (since February 24, 2023). 6 month returns are on simple annualized basis.

# Product Label

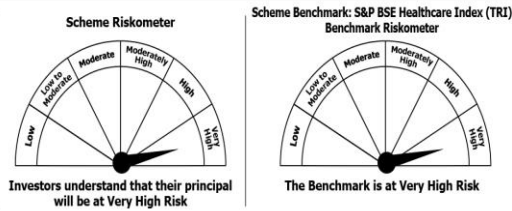
**MIRAE ASSET HEALTHCARE FUND (MAHCF)**  
(Sectoral/Thematic Fund - An open ended equity scheme investing in healthcare and allied sectors)

## PRODUCT LABELLING

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 benefitting directly or indirectly in Healthcare and allied sector in India

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



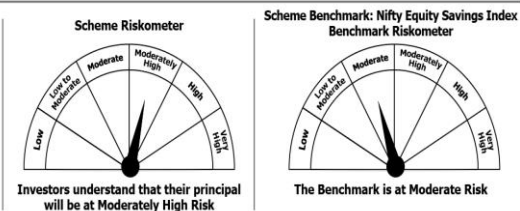
**MIRAE ASSET EQUITY SAVINGS FUND (MAESF)**  
(Equity Savings Fund - An open ended scheme investing in equity, arbitrage and debt)

## PRODUCT LABELLING

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

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

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



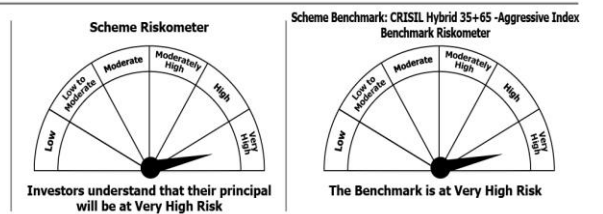
**MIRAE ASSET HYBRID EQUITY FUND (MAHEF)**  
(Aggressive Hybrid Fund - An open ended hybrid scheme investing predominantly in equity and equity related instruments)

## 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 advisors if they are not clear about the suitability of the product.



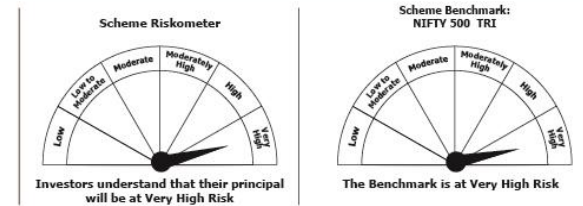
**MIRAE ASSET FLEXI CAP FUND (MAFCF)**  
(An open-ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)

## PRODUCT LABELLING

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

- To generate long term appreciation / income
- Investment in equity and equity related instruments across market capitalization spectrum of large cap, mid cap, small cap companies.

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



## Disclaimers

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**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**

**MIRAE ASSET**  
Mutual Fund

