

5 QUESTIONS FOR FUND MANAGER

Lifelines
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MIRAE ASSET BANKING AND FINANCIAL SERVICES FUND

Sectoral / Thematic Fund - An open-ended equity scheme investing in Banking & Financial Services Sector.

Investment Strategy

The investment objective of the scheme is to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity related securities of companies engaged in banking and financial services sector.

Invest minimum of 80% in Equity and equity related instruments in the Banking and Financial Services Sector.

Flexibility to invest across market capitalization.

Build a portfolio of strong growth companies, reflecting our most attractive investment ideas Investments across diversified banking & financial sectors which has growth potential.

Net AUM
as on 30 Apr, 2023

INR 1320.41 Crores

Benchmark

Nifty Financial Services Index (TRI)

Scheme Inception date

11th Dec 2020



Fund Manager - MR. GAURAV KOCHAR

Mr. Gaurav Kochar has a professional experience of over 9 years, predominantly as a research analyst. He has joined Mirae Asset in September 2019. In his capacity as an analyst, he looks after the Banking & financial services sector. Prior to Mirae Asset, he was associated with Ambit Capital, as a research analyst covering financials. By qualification, Mr Kochar is a Chartered Accountant.

Banking and Financial Services (BFS) usually has high allocation in most diversified funds. How does a BFS specific fund create value for an investor?

While the weight of Banks & Financial Services is approximately >20-25% in many major diversified equity indices, the allocation & weightages are mostly towards large cap names.

Whereas, in case of a thematic BFS fund, the allocation is well diversified across different sub-sectors within financial services – Banks, Non-Banking Finance Companies (NBFCs), Micro Finance Institutions (MFIs), Insurance and other financial intermediaries.

Generally, a BFS thematic fund has some allocation to mid and small cap names as well, which may not otherwise get captured in diversified funds. Further, since a thematic fund is market cap agnostic, it gives investor an opportunity to participate in a company's journey from being a small cap (stock at a very early stage of evolution) to large cap. Thus, this flexibility and diversification may help BFS funds to create value for an investor.

What is your outlook for the sector on a medium to long term basis? What are the key drivers of this theme?

BFS is one of the few sectors, which may show traits of a structural theme over the coming decade in India's growth story as it becomes USD 5 trillion economy. There are broadly three key drivers for the sector over the medium to long term –

- (i) Improved credit penetration – overall credit to Gross Domestic Product (GDP) at 55% vs >100% for many nations and within that, retail credit to GDP much lower vs other developing countries.
- (ii) Improving GDP per capita may premiumize consumption basket towards discretionary and in turn may propel savings and credit growth in the economy.
- (iii) Financialization of household savings that may help improve penetration of various financial services products – Insurance, Mutual funds etc.

Given low penetration in each of the above segments, we see a potential for Indian Financial Services sector to do well over the medium to longer term.



What is your stock selection and portfolio allocation strategy while managing the fund?

The stock selection process involves detailed bottoms up research and at a broader level, we use BMV (Business, Management, Valuation) strategy in identifying the stocks.

The initial screening is both quantitative (opportunity size, growth rates, profitability, return ratios, etc) as well as qualitative (management quality, competitive intensity, cross cycle performance, etc.) factors.

This is followed by physical visits, expert meetings, and a detailed valuation exercise to arrive at an estimated intrinsic value. Usually, higher the intrinsic value versus the prevailing market cap, better is the margin of safety. Within the bottoms up portfolio construct, we keep cognizance of the benchmarks. We have been following a two-pronged approach – sort of barbell strategy, invest in high quality businesses at one end and at the other end of spectrum, we may also participate in “deep in value” businesses.

How should an investor approach investing into the BFS theme and what are the key things to look out for?

Typically, thematic funds, including BFS funds involve investing in an emerging theme, a complete cycle which generally may take long time (>5 years) to play out. Thus, the investor expectation could be for steady returns over a longer period. The objective should be to stay invested through the cycle for a good investment experience.

Is it the right time to invest in a BFS thematic fund given the global backdrop of interest rates and inflation?

While the global interest rates have moved up sharply in the last 12 months or so on the back of rising inflation, it appears to be peaking at current levels. The situation however is still evolving with a lot of variables – Consumer Price Inflation (CPI) print, commodity prices, foreign exchange reserves, trade balances, liquidity in the system, etc. The recent rate hike pause by the Reserve Bank of India (RBI) and cooling down of 10 yr India G-sec yields indicate that there is an anticipation of policy rates coming down in the second half of FY24. While it is futile to try and time the markets, it is generally recommended to invest in a theme that has long runway for growth from a longer-term perspective. Thus directionally, BFS sector appears well placed to capture the growth opportunity lying ahead both in the near and long term.



About the Portfolio as on 30-Apr-23

MIRAE ASSET BANKING & FINANCIAL SERVICES FUND

Top 5 Sectors as on 30-Apr-23	% Weightage
Banks	66.65%
Finance	25.83%
Insurance	6.18%
Capital Markets	0.97%
Financial Technology (Fintech)	0.15%
Total	100%

For detailed portfolio please visit the website of the AMC: www.miraeassetmf.co.in



Data Source: Internal, Bloomberg, portfolio details as on 30-Apr-23

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.

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.

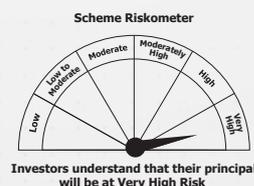
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PRODUCT LABELLING

Mirae Asset Banking and Financial Services Fund is suitable for investors who are seeking*

- To generate long term capital appreciation
- Investments predominantly in equity and equity related securities of companies in banking and financial services sector in India

*Investors should consult their financial advisors, 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

Please consult your financial advisor or mutual fund distributor before investing.

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