

A **healthy mix** of top healthcare companies from India and around the world

Presenting

# Edelweiss MSCI India Domestic & World Healthcare 45 Index Fund

(An Open-ended Equity Scheme replicating MSCI India  
Domestic & World Healthcare 45 Index)

**NFO PERIOD:**  
06<sup>th</sup> Oct - 20<sup>th</sup> Oct 2020



## Overview

- The global healthcare industry was worth \$8.45 trillion in 2018 and is expected to touch over \$10 trillion by 2022.
- The USA has the highest healthcare spending at \$10,224 per capita. It spends twice of what other countries spend on healthcare.
- An aging and growing population, higher rates of chronic health conditions and exponential yet costly advances in digital technology will continue to push global healthcare expenditures upward.
- The Indian healthcare sector is expected to record a three-fold rise, growing at a CAGR of 22 per cent between 2016-2022, to reach US\$ 372 billion in 2022, from US\$ 110 billion in 2016.
- The current pandemic crisis has forced many countries including India to focus deeply on its healthcare infrastructure.



## Invest where innovation meets growth

- **The Fund provides exposure to fast growing Indian healthcare companies and world's largest innovative healthcare companies in the US**

### Innovation from the US



US is the largest healthcare market with some of world's top healthcare companies.



Large US listed companies are leaders in innovation and patents.



US is home to fast growing biologics and medical device companies.

### Growth from India



India is one of the fastest growing healthcare markets in the world.



Market leader in pharma exports.



Rising Government spends and income will increase penetration and actuate growth.

- US will remain a key constituent of the global pharma industry owing to its size and may clock a growth of 3-6% CAGR. India is likely to grow the fastest at 8-11% within the emerging market.

Region/Country	2019 (US\$ Bn)	2024 E (US\$ Bn)	2019-2024 E (CAGR)
USA	510	605 - 635	3 - 6%
India	22	31 - 35	8 - 11%



## About the fund

The Fund is a passive Index Fund investing in stocks comprising the underlying MSCI India Domestic and World Healthcare 45 Index which constitutes 45 healthcare sector stocks listed across India and US market.

Investments	Indicative Allocation (% to net assets)	Risk Profile
Stocks comprising MSCI India Domestic & World Healthcare 45 Index	95% to 100%	High
Debt and Money Market Instruments/Units of Liquid Mutual Funds	0% to 5%	Low to Medium

The India and World constituents are combined in the following manner



- Top 25 stocks based on Market cap size
- Sub-sectors covered: Pharma, Hospitals, Diagnostics, Life science tools & Services and Biotechnology



- 20 stocks - Top 5 stocks based on market cap size from each sub-sector
- Sub-sectors covered: Pharma, Healthcare equipment, Biotechnology and Life sciences tools & services



## Index methodology



### Universe

- Healthcare sector stocks listed in India
- Healthcare sector stocks listed in US belonging to 4 select sub-sectors



### Liquidity Filters

- Filters based on trading frequency, value and impact cost



### Stock Selection

- Top 25 stocks selected based market cap size from the India healthcare universe
- 20 stocks from US listed universe - Top 5 stocks based on market cap size from 4 sub-sectors each- Pharma, Healthcare equipment, Biotechnology and Life sciences tools and services



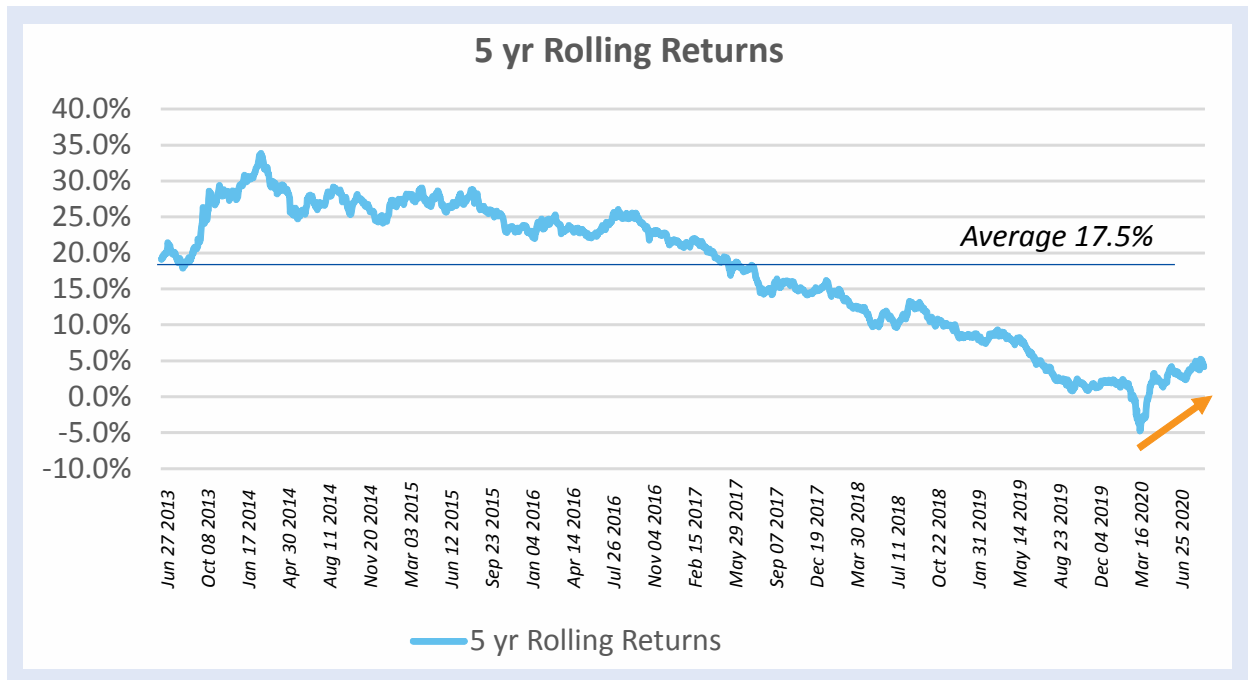
### Capping

- Weights assigned based on FF market cap and capped at 20%
- Index rebalanced on each calendar quarter end



## Why invest now

- 5 year rolling returns have bounced back from negative territory to ~4%, but still way below long term average of 17.5% CAGR. On a 5 year rolling basis the index has generated more than 12% returns for over 69% of the times.



- In the past, the Healthcare sector has traded at a premium over broader market given its FMCG kind of business model, but currently the premium is lower compared to historic peak and just near long term average .
- ROE has bottomed out and has started its inverse journey. Long term growth estimates of 15% also look promising. Given the size of opportunity and current strong return ratios, it may be a good time to start investing in this theme.



## Benefits of investing in Index Fund



Low cost way to participate in this promising theme



True to label thematic exposure unlike active thematic funds where 20% can be invested outside the theme



Given the small universe in the theme/sector, active funds may find it difficult to beat index funds



Active global exposure needs deep research and expertise and is not easy. Indexing solves the problem

**On 1 year rolling basis 38% of the times Active Funds have underperformed their benchmark**



## Fund feature

Investment Objective	The Scheme will invest in stocks comprising of the MSCI India Domestic & World Healthcare 45 Index with the objective to provide investment returns that, before expenses, closely corresponds to the returns equivalent to the index, subject to tracking errors.
NFO Period	Oct 6, 2020 to Oct 20, 2020
Exit Load	NIL
MICR Cheques	Till end of business hours on Oct 20, 2020
RTGS and Transfer Cheques	Till end of business hours on Oct 20, 2020
Switches	Switches from equity schemes and other schemes – Oct 20, 2020; Till cut off time (specified for switch outs in the source scheme)
Plans and Options	Direct and Regular Plan with Growth and Dividend Reinvestment, Payout & Sweep
Minimum Amount Application	Rs.5,000/- (plus in multiple of Re. 1)
Fund Manager	Hardik Varma for domestic investments Mayur Dharmshi for overseas investments
Benchmark	MSCI India Domestic & World Healthcare 45 Index

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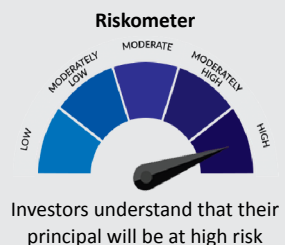
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**Source:** MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Edelweiss Asset Management. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

**This Product is suitable for investors who are seeking\*:**

- Long Term Capital appreciation
- Passive investment in equity and equity related securities replicating the composition of MSCI India Domestic & World Healthcare 45 Index, subject to tracking errors

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**