

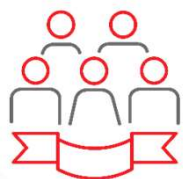
# Ticket To The World Without A Passport

## Introducing

# Kotak MNC Fund

(An open ended equity scheme following multinational company (MNC) theme)

# Universe Of MNCs



## 1. Indian Multinational Companies

Having More Than 50% Of the turnover from regions outside India



## 3. Multinational Companies

Subsidiary, Joint Venture & Associate of a Foreign Company



## 2. Trans National Companies

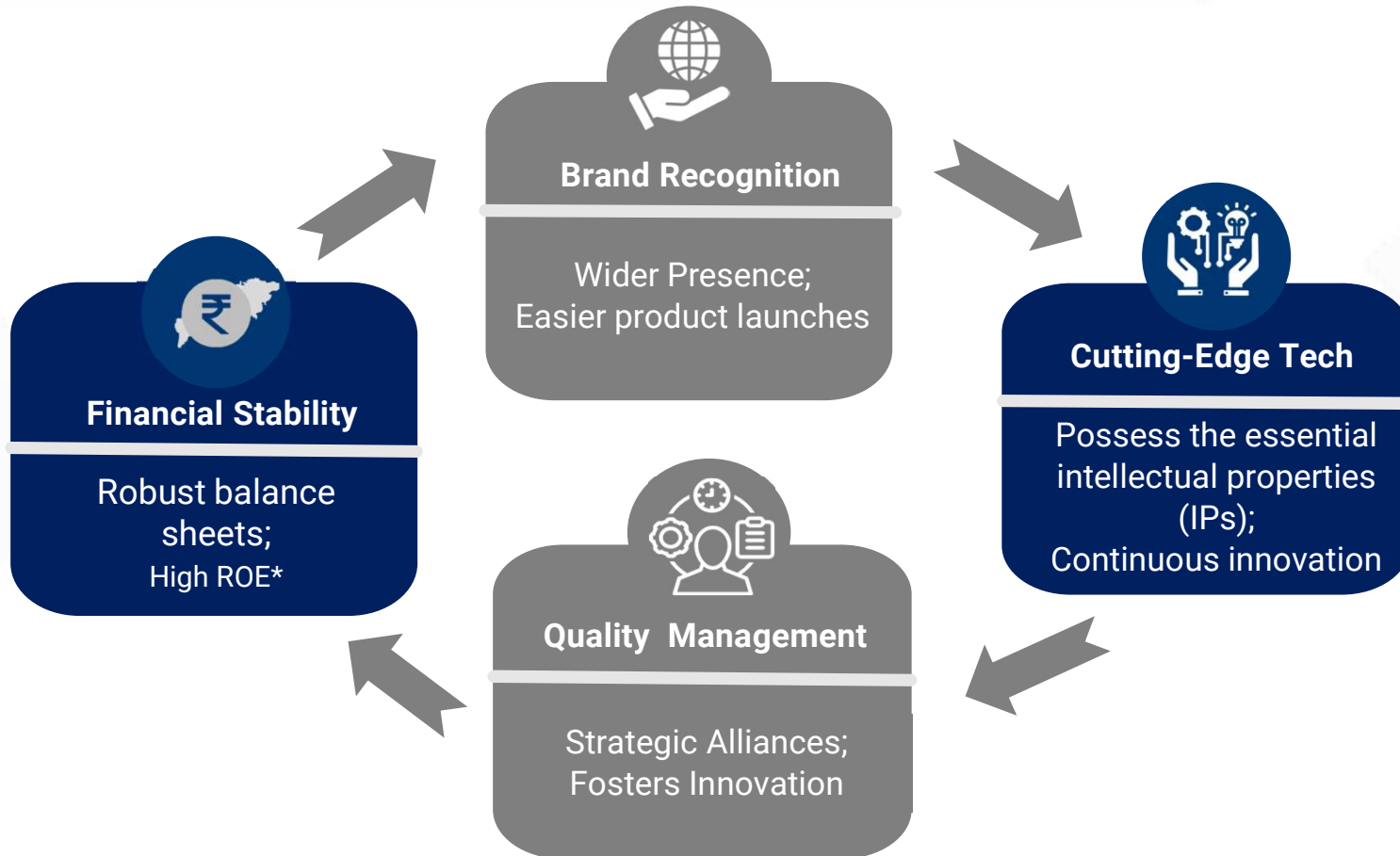
Company which operates in multiple countries



## 4. Foreign Subsidiaries

Foreign Promoters that account for more than 50% of the Shareholding

# MNCs : Combination Of Brand, Fundamentals & Technology

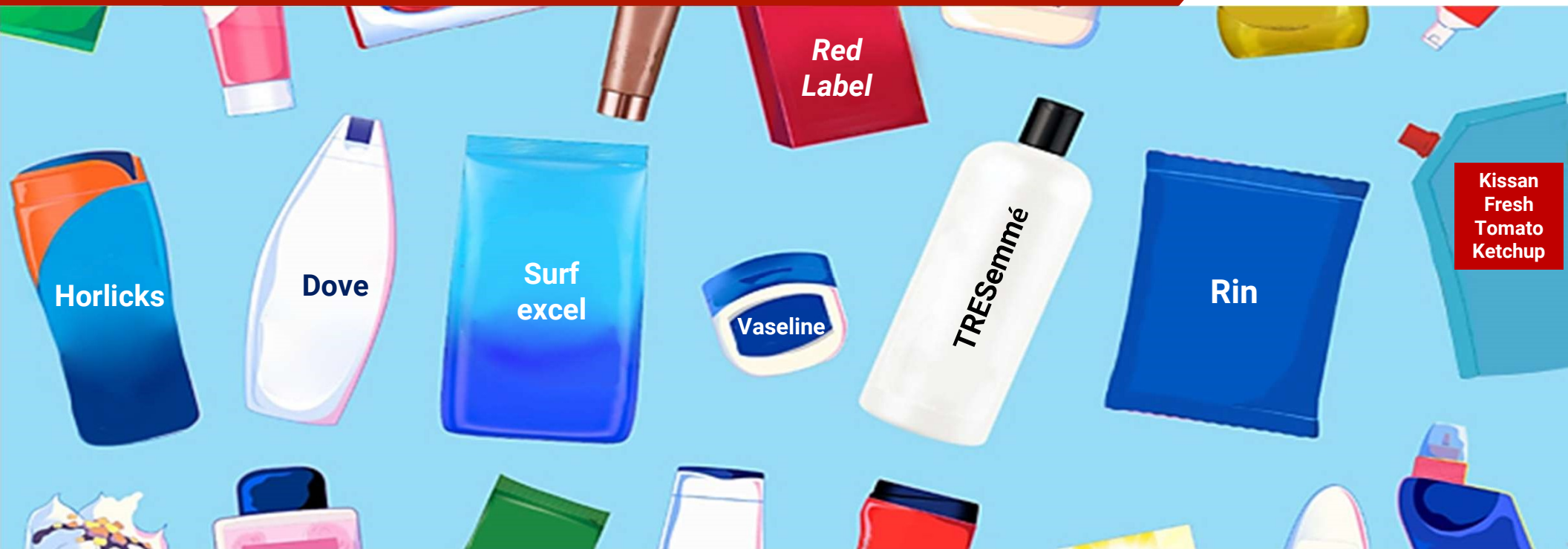


<sup>^</sup> Sectors Categorised as per AMFI Industry Classification.



# Brand Recognition

# Did You Know? 9 Out Of 10 Indian Households Use HUL Brands



- In 1956, HUL offered 10% of its equity to the Indian public, being the **first** among the **foreign subsidiaries** to do so
- **Market cap has grown to 7X** from 2012 to 2024

Data as on 30<sup>th</sup> Jul'24. Source: <https://www.hul.co.in/our-company/hul-history/>

Disclaimer- The stocks/sectors mentioned in this slide do not constitute any recommendation and Kotak Mahindra Mutual Fund may or may not have any future position in these sectors/stocks. Use of the company names does not imply any affiliation with or endorsement by them. The scheme does not assure or predict any specific returns or future returns.

# MNCs Are Leading Global Brands

**Nestle**



**HUL**



**CRISIL**



**Bosch**



**Ashok Leyland**



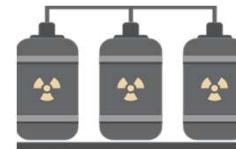
**Maruti Suzuki**



**Siemens**

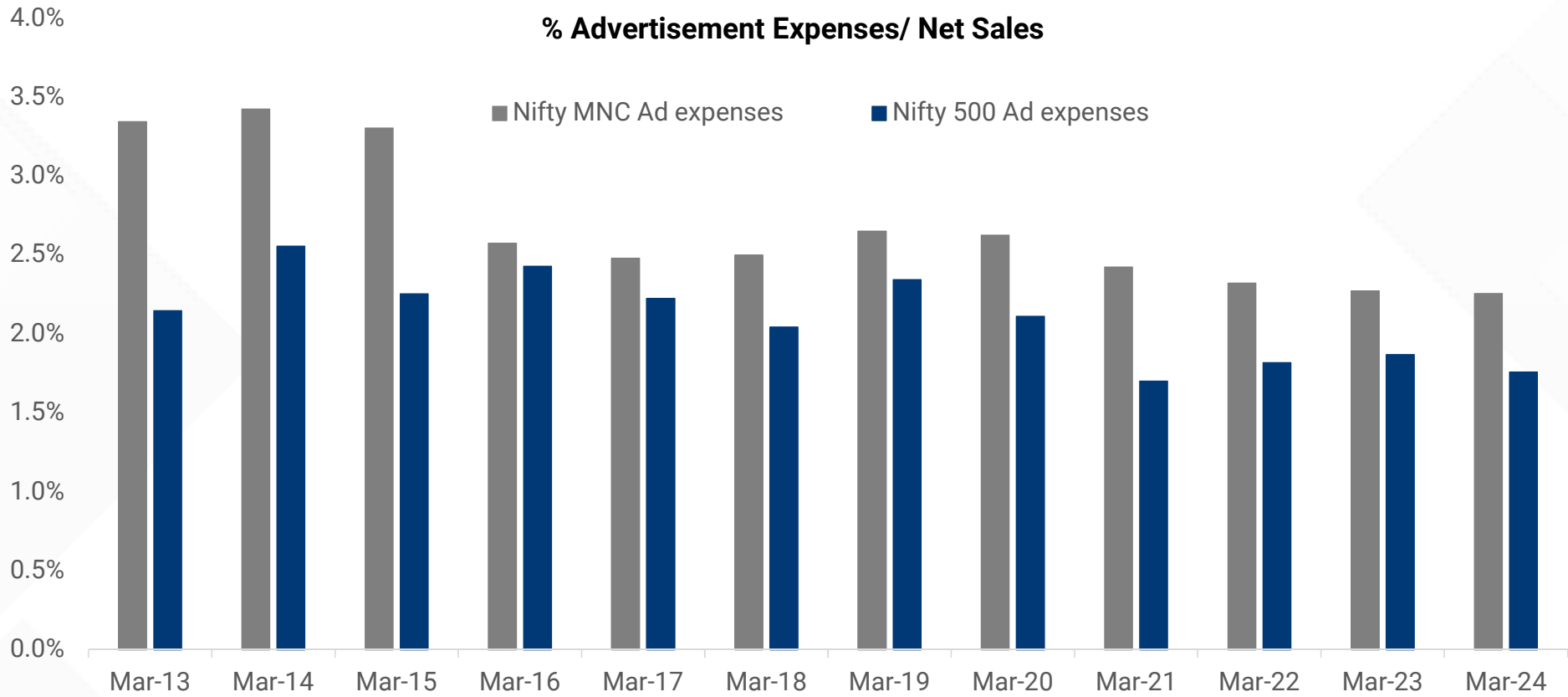


**ABB India Ltd**



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# MNCs Nurture Brands through Advertisement



Source: ACE MF Nxt, Data for Financial Years as on FY'24

# MNCs : Quality Product–Strong Brand-High Market Share



Market Share In India, today



**Over 95% of components are sourced locally**

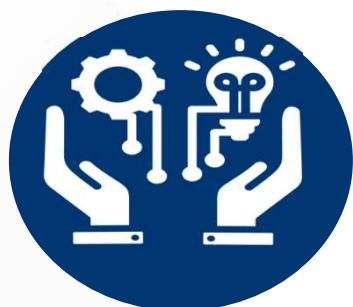
**Rural market accounts for about 40% of sales**

**Affordable, Reliable with Low Maintenance and High Resale Value**

Data as on 30<sup>th</sup> Jul'24. Source: Annual Report, Maruti Suzuki

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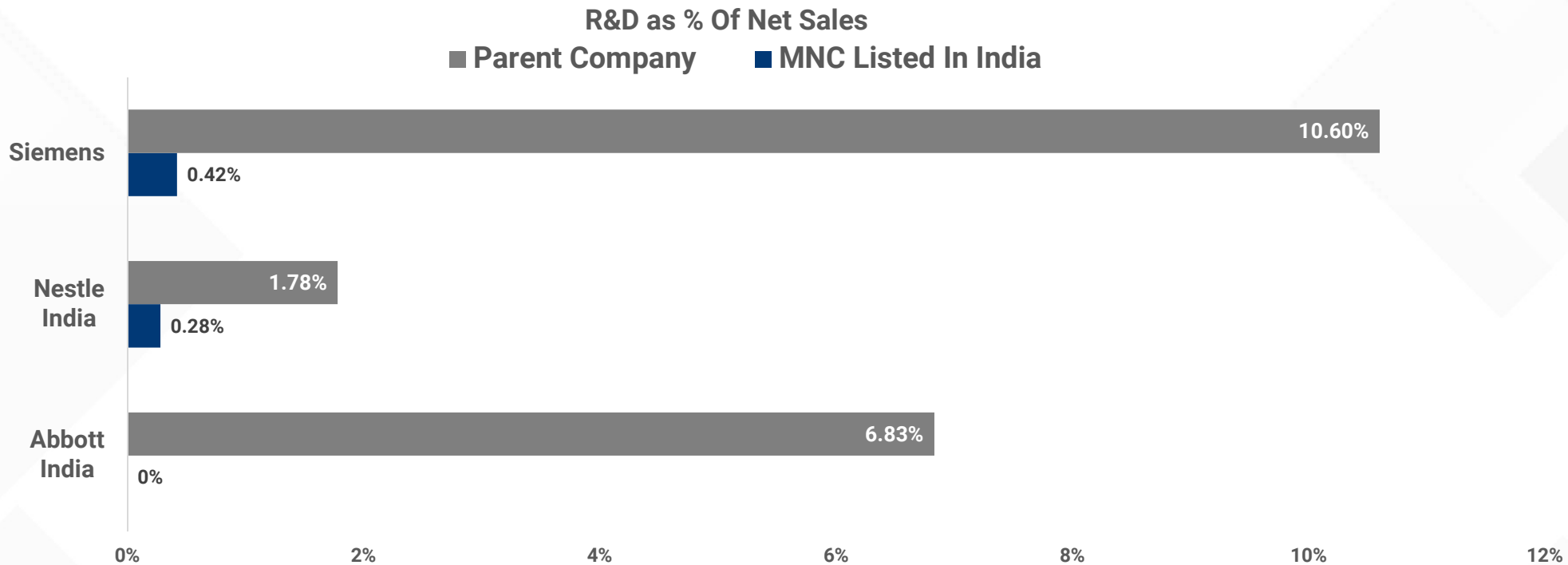




# Cutting-Edge Technology

# MNCs Focus On Spending In Technological Advancement

## MNCs get the Technological Edge in Research & Development, through their Parent Companies



Source: Company's Annual Reports, data as of FY'24 for MNCs listed in India. For Parent companies, data is as of their respective annual year ends, this is the latest data available

# MNCs Are Ahead Of Times To Capture Growth Opportunities



## CUMMINS REINFORCES COMMITMENT TO GROWTH STRATEGY AND LEADERSHIP IN CLEAN ENERGY TRANSITION BY UNVEILING NEW BRAND PLATFORM

Jul 30, 2024 ■ Columbus, Ind.

- Cummins offers diverse power solutions—**diesel, natural gas, hybrid, electric, and biofuels**—helping customers reduce emissions
- Cummins is showcasing its leadership in clean energy and commitment to smarter, greener solutions.
- Through the **Destination Zero** strategy, Cummins aims to cut emissions by advancing engine-based and zero-emission technologies

## Bosch to boost R&D, local electric two-wheelers components

*The firm sees significant electrification growth in the two-wheeler s*

Alisha Sachdev

Published • 20 Feb 2024, 06:00 AM IST

Freedom Quiz

- **Bosch expects EV adoption to grow significantly in the coming years in India**
- Bosch is **increasing R&D investments in electric two-wheeler components**, focusing on hub motors.
- Plans include **enhancing local production of EV components for two-wheelers and passenger cars.**
- **Despite margin challenges, Bosch sees electrification as part of its long-term growth strategy.**

Source: cummins.com, livemint

Disclaimer- The stocks/sectors mentioned in this slide do not constitute any recommendation and Kotak Mahindra Mutual Fund may or may not have any future position in these sectors/stocks. Use of the company names does not imply any affiliation with or endorsement by them. The scheme does not assure or predict any specific returns or future returns.



# Corporate Management & Financial Stability

# Quality Management Driving CEO Success In MNCs



## Wide Influence Across Industries

High-profile leaders that are now holding leadership roles

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## Strategic Business Approach

Training its alumni across various domains, making them versatile leaders.

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## Global and Local Expertise

Makes the alumni highly sought after by multinational companies.

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## Known Names Who Shifted from Different Global MNCs

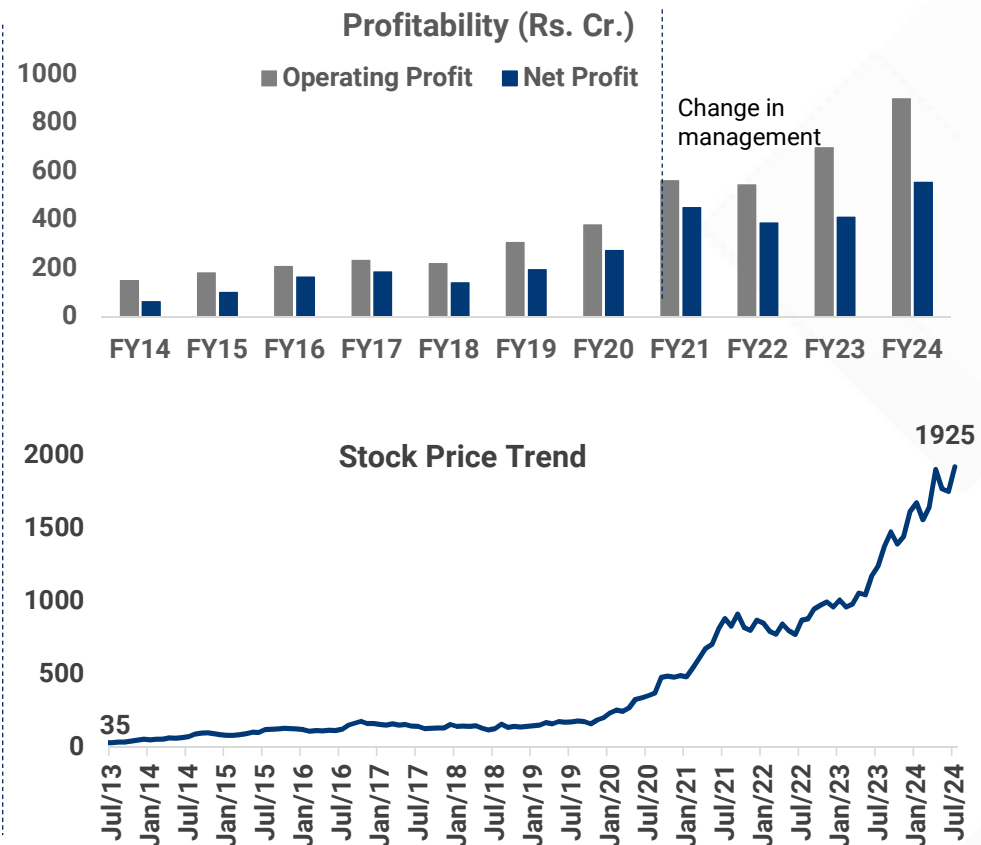
Gopal Vittal – CEO Of One of The Top Telecom Companies;  
Prabha Narasimhan – CEO, Colgate - Palmolive India (Ltd);  
Sudhir Sitapati – CEO, Indian MNC In Consumer Goods;  
Ignatius Navil Noronha- CEO, of Indian FMCG Company

# Strong Growth Is Driven By Strategic Expansions and High-Margin Focus



## J B Chemicals and Pharmaceuticals Ltd

- After KKR's acquisition in 2020, JB Pharma faced growth challenges.
- **Nikhil Chopra, an experienced industry expert from one of the top Indian MNCs, took over as CEO and Whole Time Managing Director**
- **JB Pharma's remarkable turnaround** became a story of comprehensive rebuilding process.
- In a short span of time, the JBCPL CEO had brought about multiple initiatives in his assignment.
- **He undertook a lot of organic & inorganic acquisitions** which was a major contributor to growth
- He looked at beyond the pill initiatives, tech-enabled solutions, and a phygital approach to innovatively meet diverse needs.

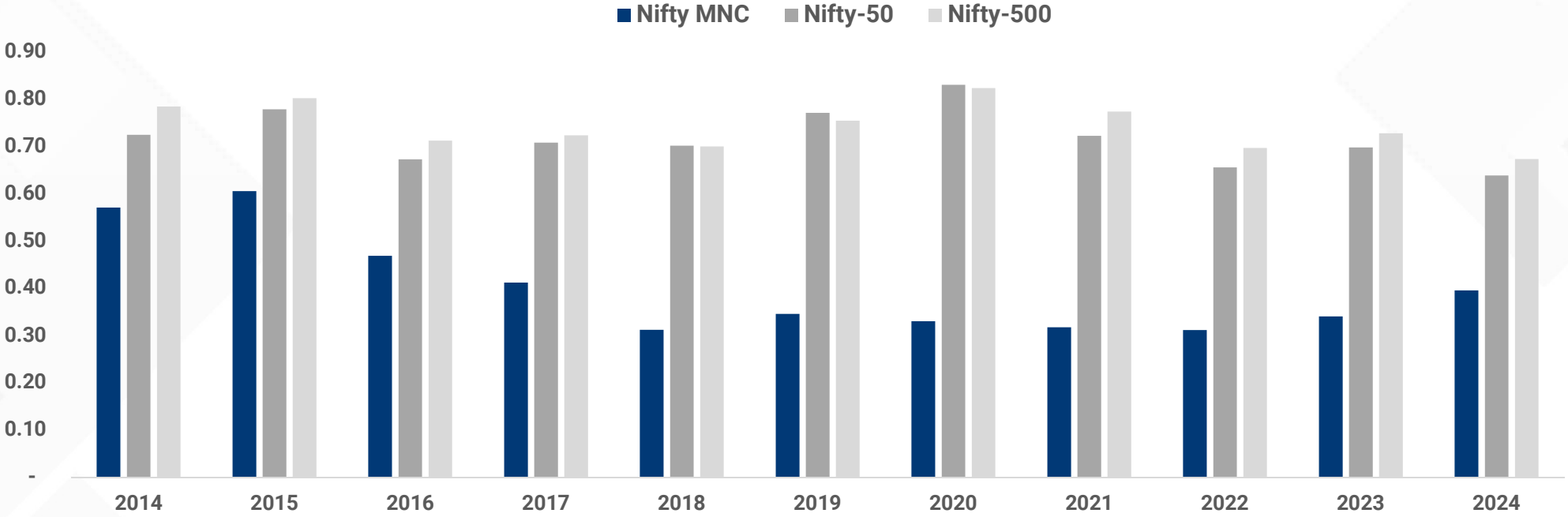


Disclaimer- The stocks/sectors mentioned in this slide do not constitute any recommendation and Kotak Mahindra Mutual Fund may or may not have any future position in these sectors/stocks. Use of the company names does not imply any affiliation with or endorsement by them. The scheme does not assure or predict any specific returns or future returns. Source: Bloomberg, data as on July 2024

# MNCs Have Low Leverage



## Debt/Equity Ratio Has Consistently Remained The Lowest For Nifty MNC Index



Source: Kotak Institutional Equities Research, Capitaline, Data as on FY'24

# The Top Company In Most Of The Sectors Is An MNC



| Sr.No | Sector                             | Topmost Company |
|-------|------------------------------------|-----------------|
| 1     | Automobile and Auto Components     | MNC             |
| 2     | Capital Goods                      | MNC             |
| 3     | Chemicals                          | MNC             |
| 4     | Construction                       | MNC             |
| 5     | Construction Materials             | MNC             |
| 6     | Consumer Durables                  | MNC             |
| 7     | Consumer Services                  | MNC             |
| 8     | Diversified                        | MNC             |
| 9     | Fast Moving Consumer Goods         | MNC             |
| 10    | Financial Services                 | MNC             |
| 11    | Forest Materials                   | MNC             |
| 12    | Healthcare                         | MNC             |
| 13    | Information Technology             | MNC             |
| 14    | Media, Entertainment & Publication | Non-MNC         |
| 15    | Metals & Mining                    | MNC             |
| 16    | Oil, Gas & Consumable Fuels        | MNC             |
| 17    | Power                              | Non-MNC         |
| 18    | Realty                             | Non-MNC         |
| 19    | Services                           | MNC             |
| 20    | Telecommunication                  | MNC             |
| 21    | Textiles                           | MNC             |
| 22    | Utilities                          | Non-MNC         |

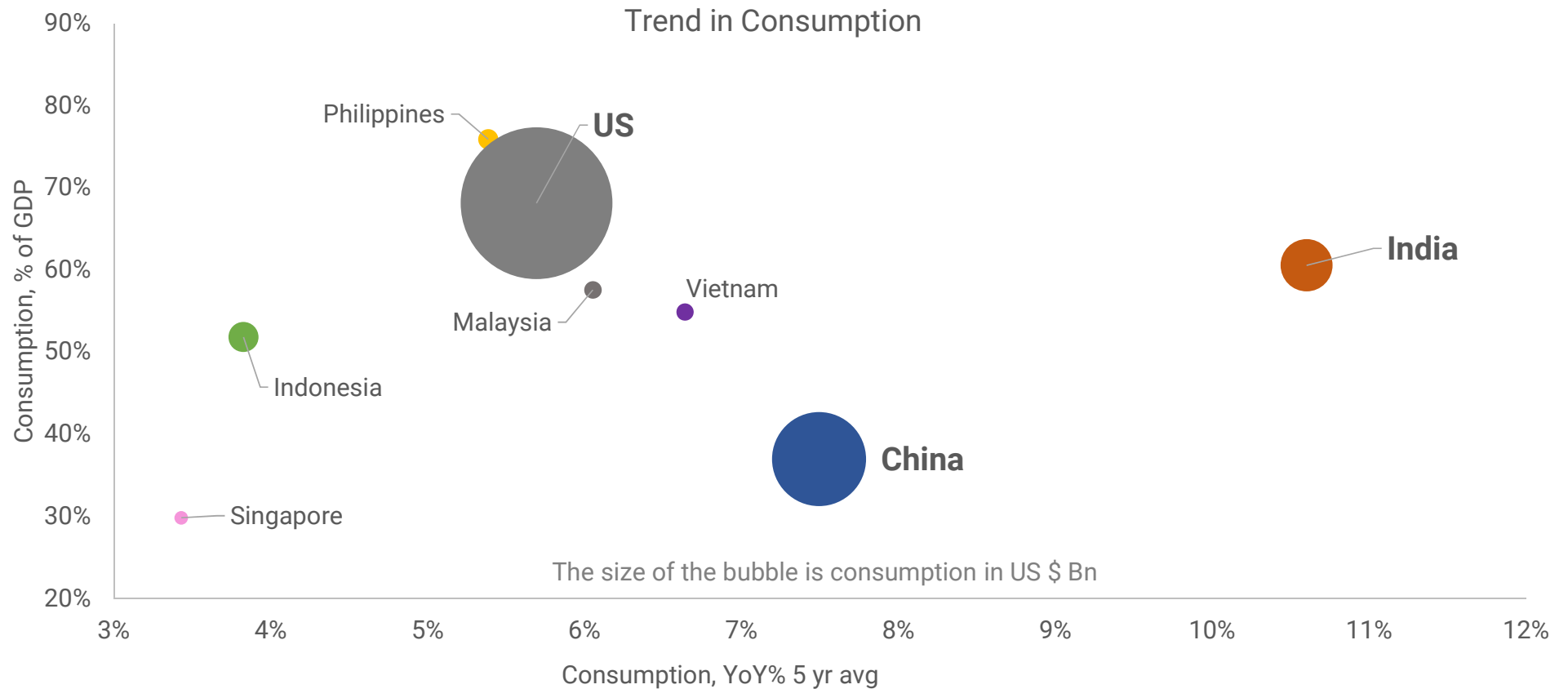
Top Companies are computed basis the market capitalization, data as on 31<sup>st</sup> Jul'24  
Source: Capitaline, NSE 500 Factsheet



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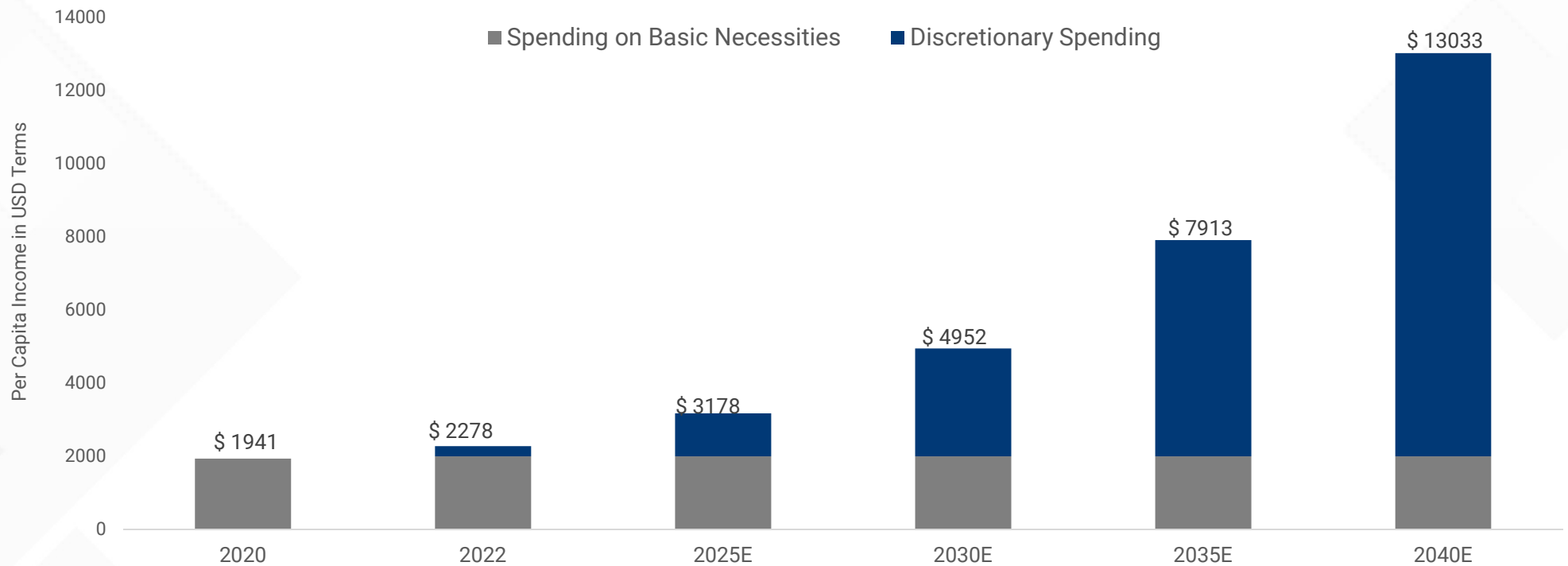
# Why MNCs Now- For The Business

# India Is A Booming Consumer Market



# Rising Income To Fuel Consumption Growth

“At a \$ 2,000 per capita income level, basic needs are met and above \$ 2,000 discretionary spends rise”\*



Source: PWC Research | World Bank Data | Ministry of Statistics and Program Implementation, GOI | Financial Benchmark India Pvt. Ltd. | \* FortuneIndia.com  
(As per latest available data)

# MNCs : Blend Of Expertise & Experience

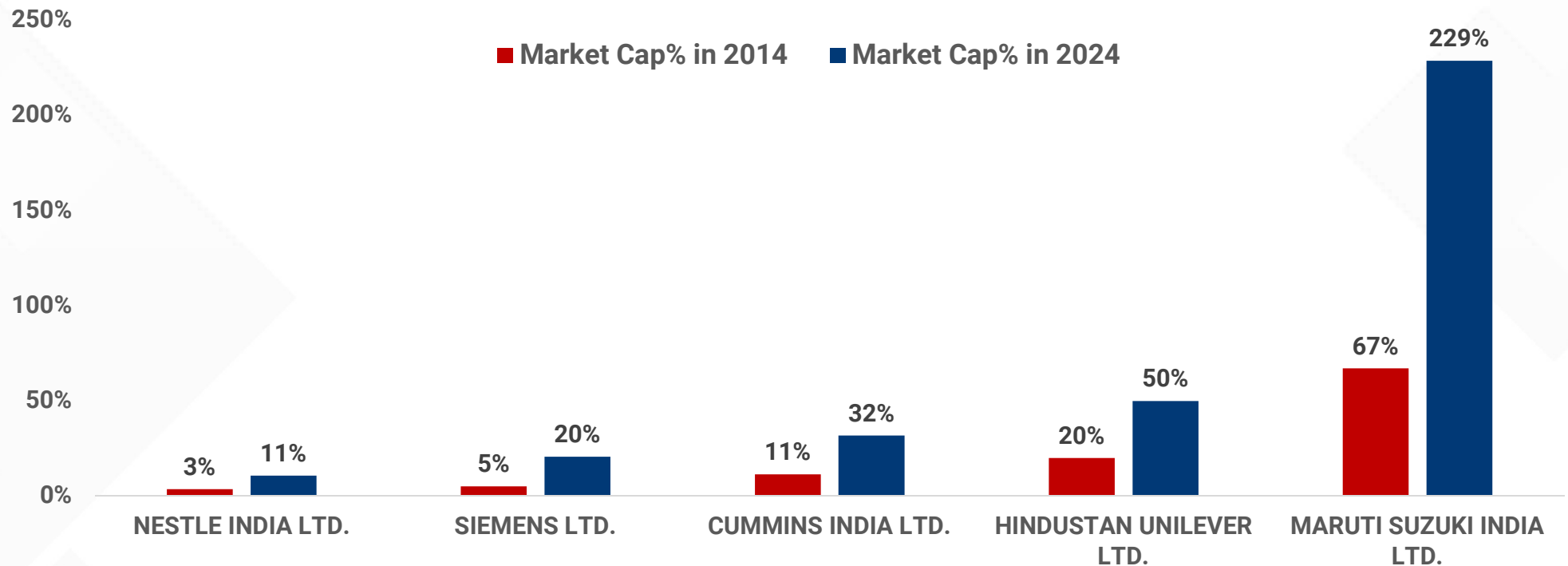


| Sr. No. | Indian Company Name               | Major Brands                            | Industry                 | In India since | Global MNC                | Inception Year | Global HQ   | Number of countries with product presence |
|---------|-----------------------------------|---|--------------------------|----------------|---------------------------|----------------|-------------|---|
| 1       | Hindustan Unilever Limited        | Dove, Brooke Bond, Vaseline, Surf Excel | Household Products       | 1931           | Unilever PLC              | 1929           | UK          | ~190                                      |
| 2       | Nestle India Limited              | Maggi, Nescafe, Kit-Kat, Milo           | Food Products            | 1959           | Nestle S.A.               | 1905           | Switzerland | ~188                                      |
| 3       | Colgate-Palmolive (India) Limited | Colgate Total, Plax                     | Personal Products        | 1937           | Colgate Palmolive Company | 1806           | US          | ~200                                      |
| 4       | Siemens Limited                   | Siemens                                 | Industrial Conglomerates | 1957           | Siemens AG                | 1847           | Germany     | ~190                                      |
| 5       | Maruti Suzuki India Ltd.          | Swift, Ertiga                           | Automobiles              | 1981           | Suzuki Motor Corporation  | 1909           | Japan       | ~200                                      |

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# MNCs Are Becoming Extremely Important To Their Parent Companies

% of Market Cap Of MNCs / Parent Companies In The Last 10 Years

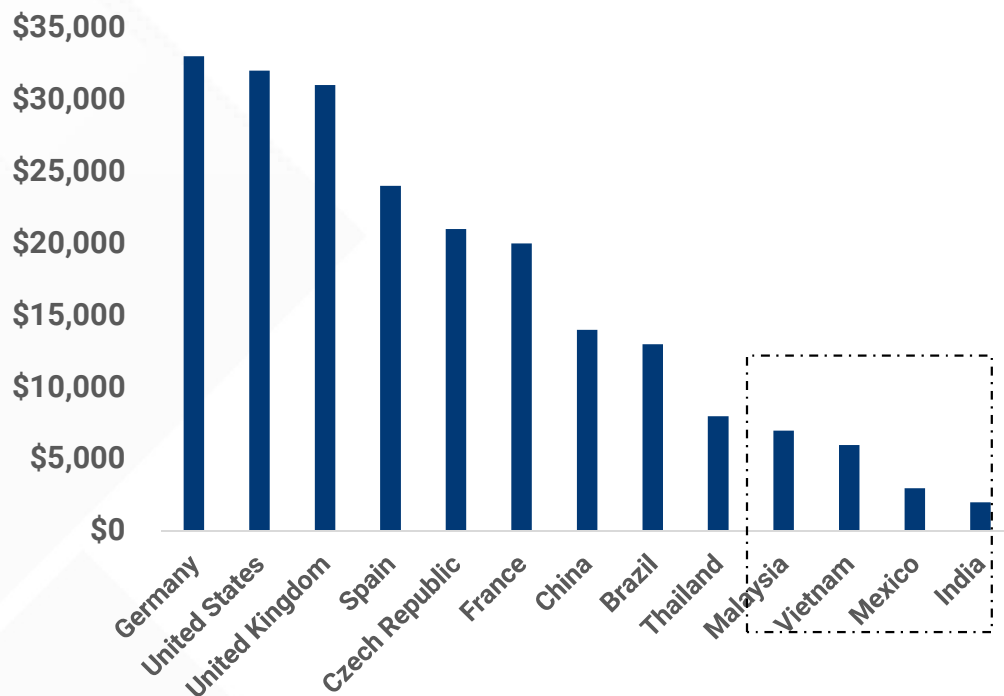


Note: These are top 5 companies by their market capitalization having Parent companies listed outside India. These companies form a part of the benchmark Nifty MNC Index. The stocks/sectors mentioned in this slide do not constitute any recommendation and Kotak Mahindra Mutual Fund may or may not have any future position in these sectors/stocks. Use of the company names does not imply any affiliation with or endorsement by them. The scheme does not assure or predict any specific returns or future returns. Source: Company websites, Bloomberg, Data available publicly

# 'Factory Of The World' Is Changing From China

Manufacturing goods that are labour intensive are more suited to low-cost countries

Average Salaries of Production Workers / Machine Operators



**India comes for China's manufacturing crown as supply chains slowly shift**

23 March, 2024, Source: South China Morning Post

**Auto component makers to double investments as global supply chains shift from China to India**

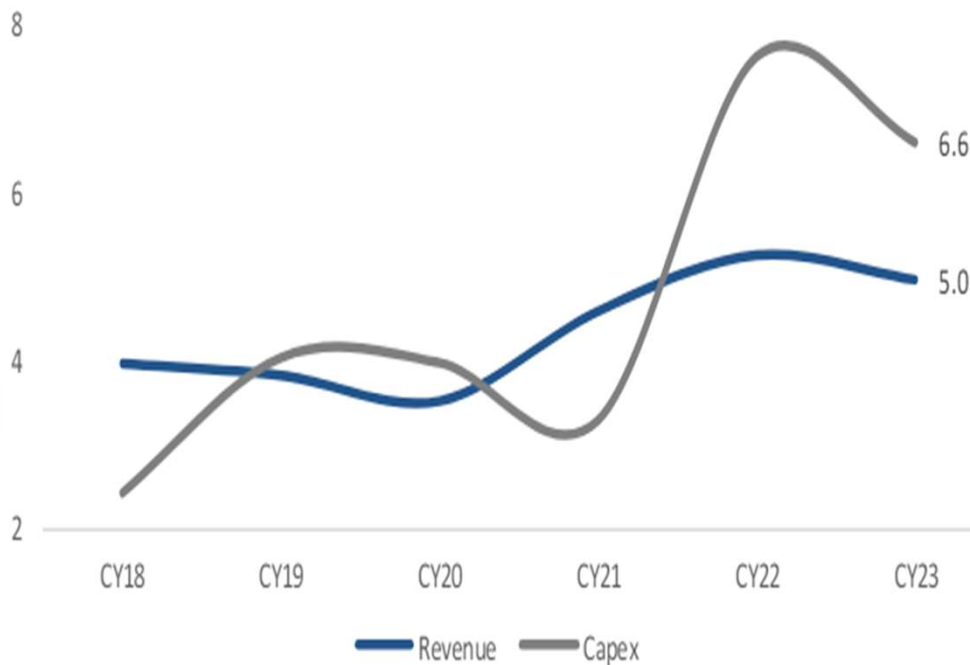
27 May, 2024, Source: economicstimes.indiatimes.com

# MNCs Becoming Suppliers To Their Parent

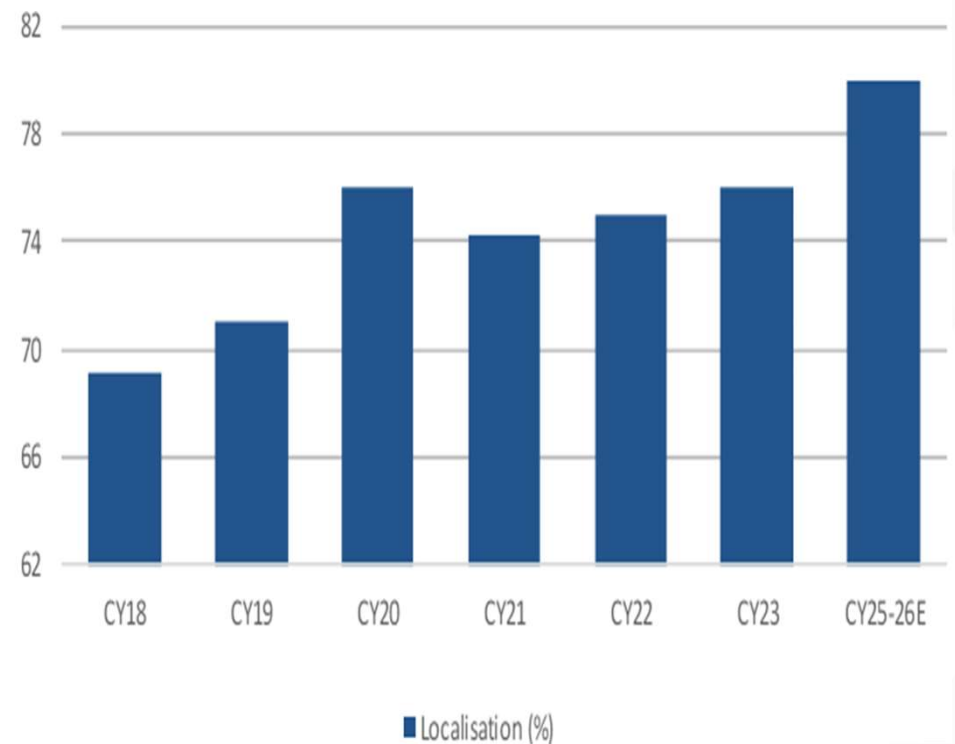
## Schaeffler India Limited

India Perceived As Growth Area;  
Revenue & Capex Share On A Rise

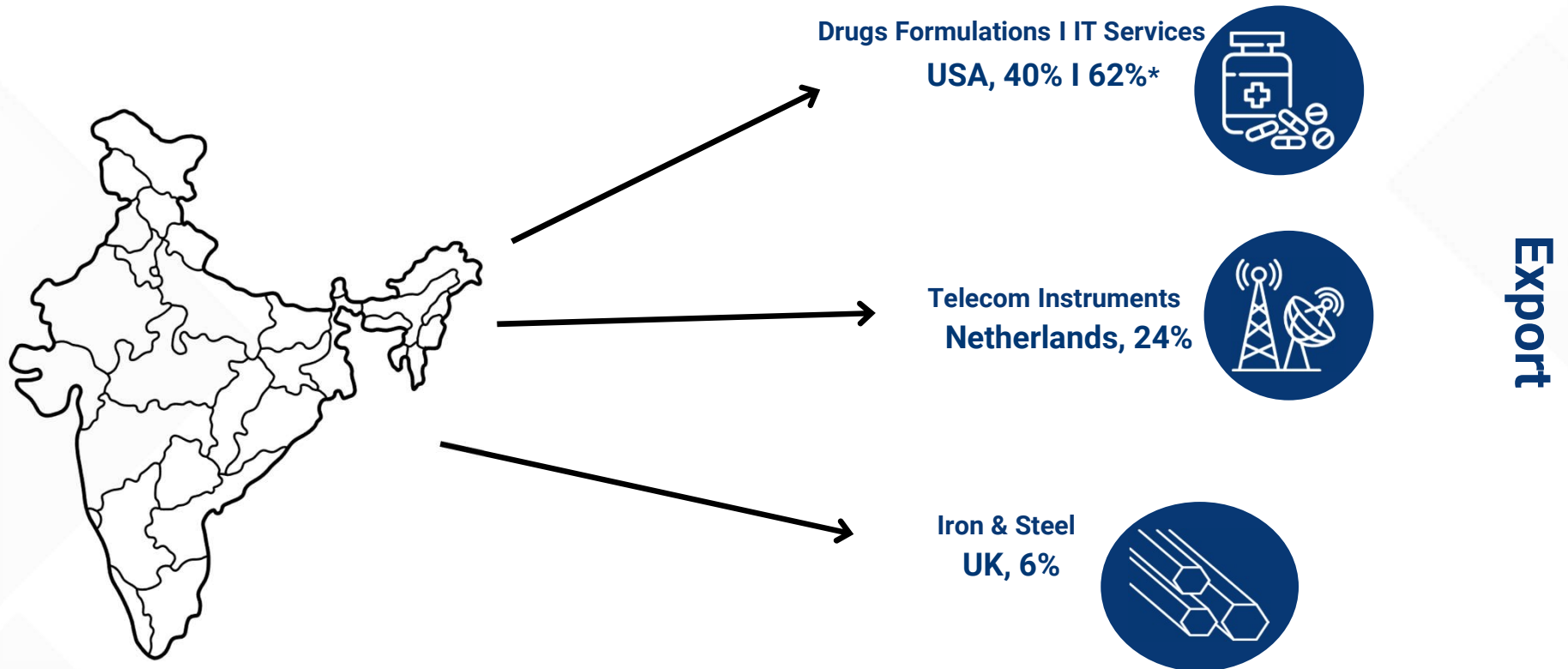
India business contribution to Schaeffler AG (%)



Localisation Is Increasing Steadily



# Indian Potential Meets Global Expertise



Source: Commerce.gov.in , Period: Apr-2024 to Jun-2024, \*As on Mar-22. This is the latest data available



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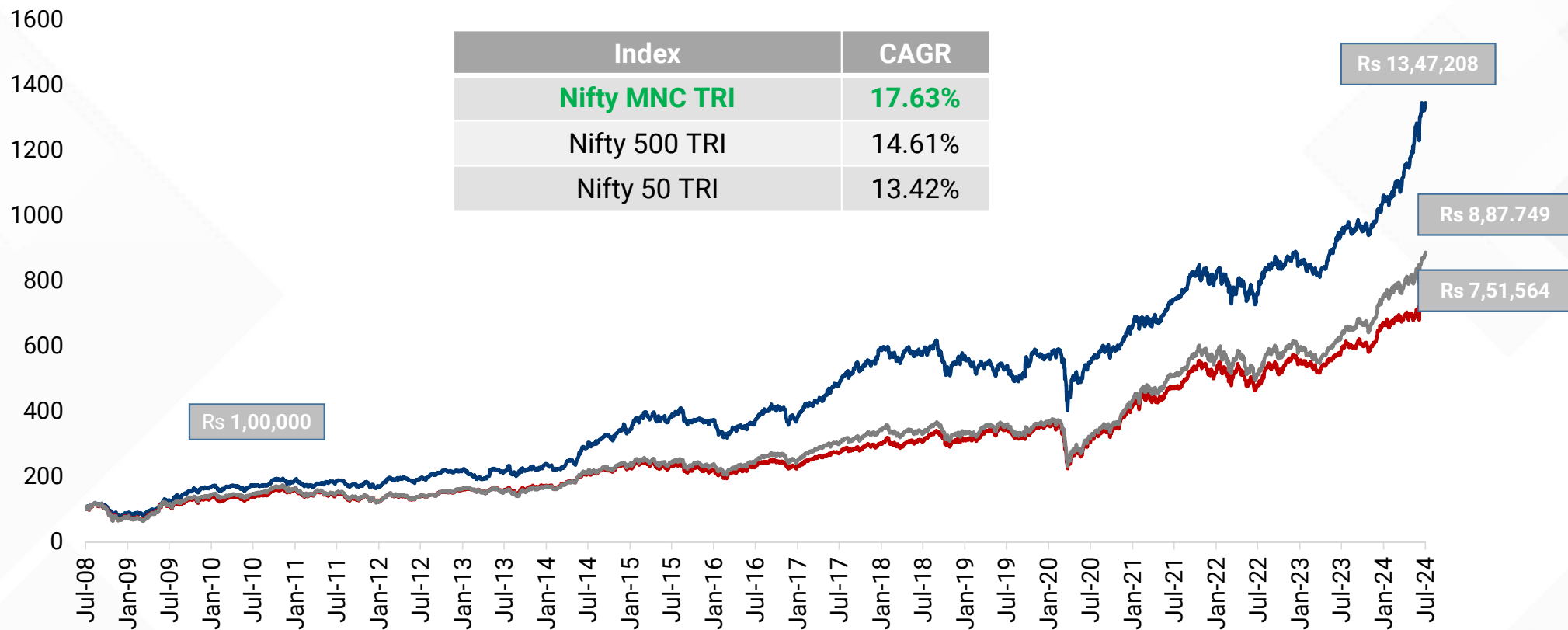
# Why MNCs Now?- For The Market

# Nifty MNC Has Outperformed Broader Indices



— Nifty MNC — Nitfy 50 — Nifty 500

| Index                | CAGR          |
|----------------------|---------------|
| <b>Nifty MNC TRI</b> | <b>17.63%</b> |
| Nifty 500 TRI        | 14.61%        |
| Nifty 50 TRI         | 13.42%        |

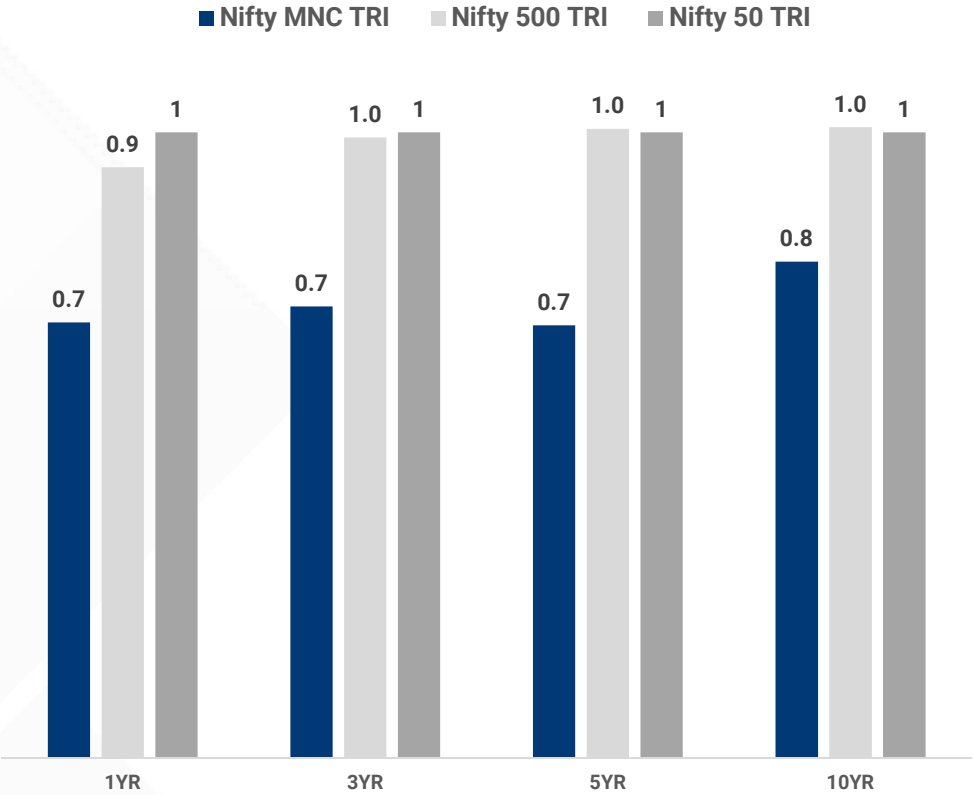


Source: MFI

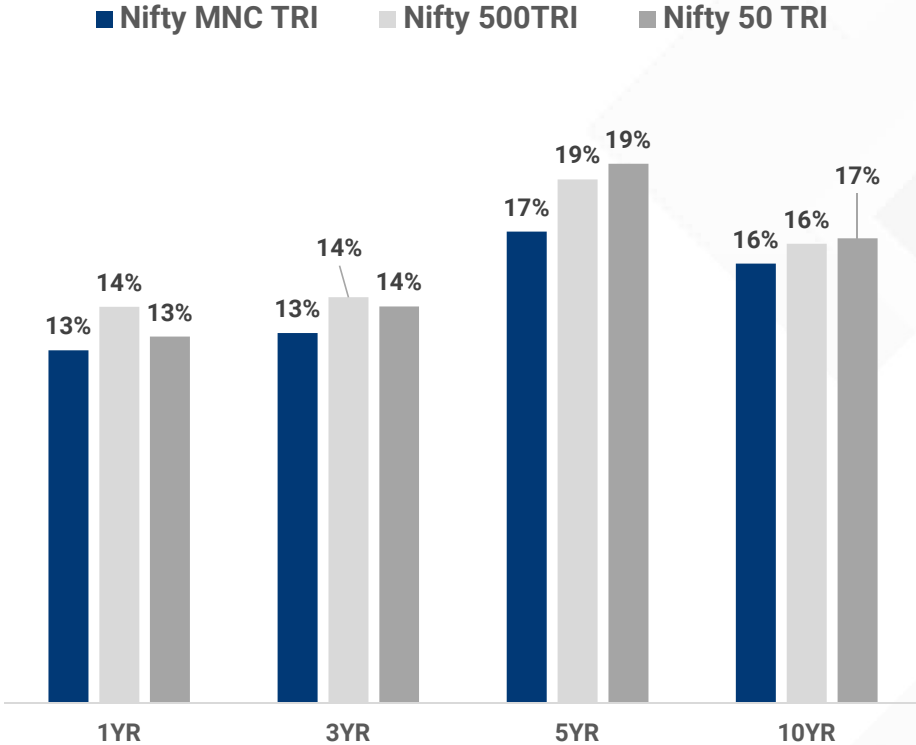
# MNCs Have Been A Low Beta Basket In The Long Run



## Beta For Nifty MNC Index Is The Lowest



## Volatility For Nifty MNC Index Has Also Remained The Lowest



Source: ICRA MFI, Data as on 31<sup>st</sup> Jul'24. Beta denotes systematic risk, of a security or portfolio compared to the market. Volatility is the Standard Deviation

# MNCs Have Remained Resilient During Crisis

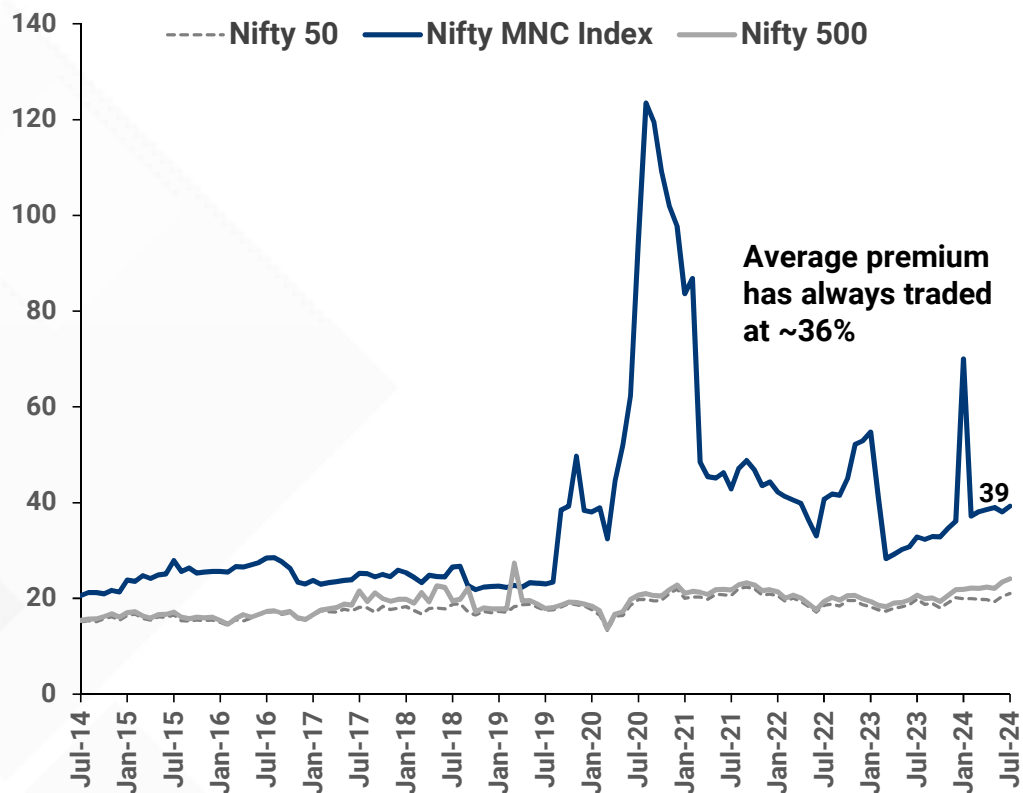


| Time Of Correction             | Start Date | End Date | Nifty MNC TRI (%) | Nifty 50 TRI (%) | Nifty 500 TRI (%) |
|--------------------------------|------------|----------|-------------------|------------------|-------------------|
| <b>Tech Bubble</b>             | Mar-00     | Sep-01   | <b>-19%</b>       | -42%             | -58%              |
| <b>Global Financial Crisis</b> | Jan-08     | Oct-08   | <b>-52%</b>       | -59%             | -63%              |
| <b>European Debt crisis</b>    | Jan-11     | Dec-11   | <b>-15%</b>       | -25%             | -28%              |
| <b>Global Market Sell off</b>  | Mar-15     | Feb-16   | <b>-19%</b>       | -22%             | -20%              |
| <b>Covid Phase</b>             | Jan-20     | Mar-20   | <b>-31%</b>       | -38%             | -38%              |

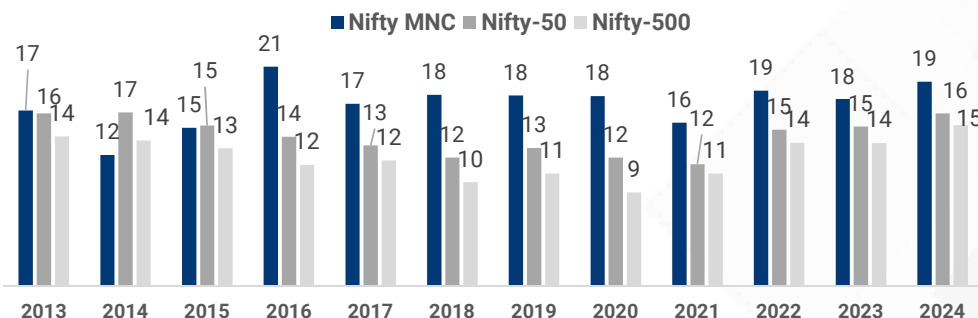
Source: ICRA MFI, Data as on 30<sup>th</sup> Jul'24 | Returns are absolute %

# MNC Valuations Are Nearing Long Term Average Premium

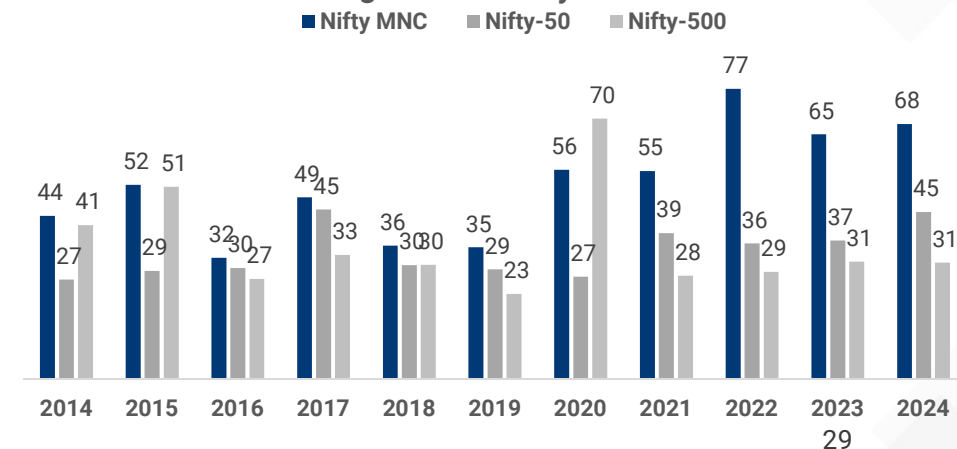
### 1-Yr Forward PE Valuation



### ROE (Return On Equity) %



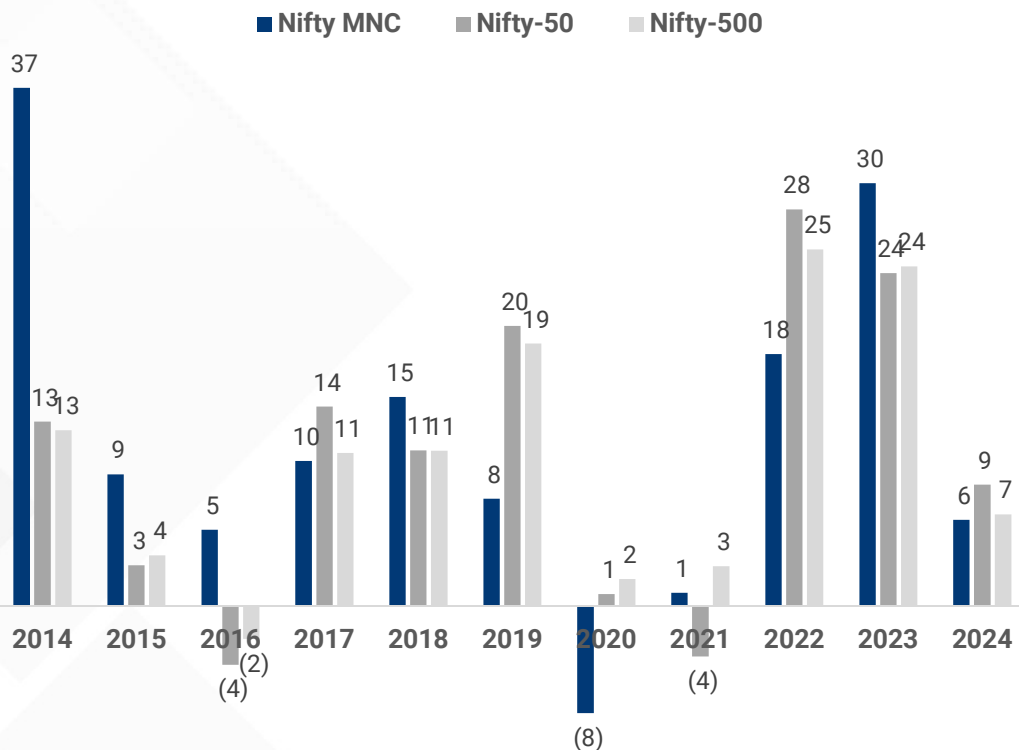
### Avg. Dividend Payout Ratio %



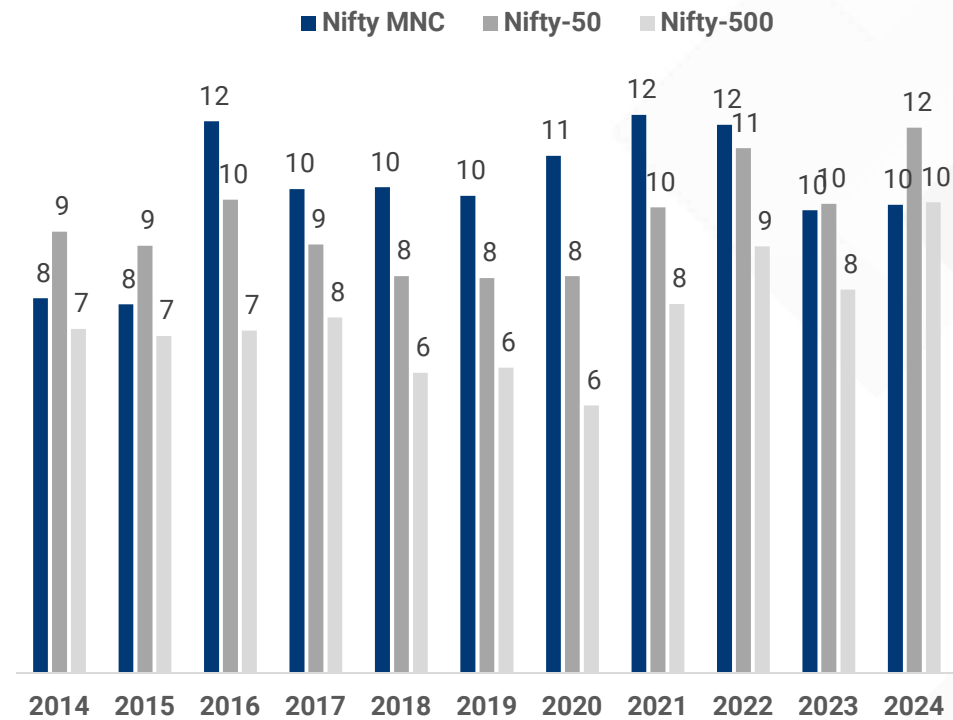
Source: Bloomberg, Kotak Institutional Equities, Data as on FY'24

# Top-Line & Bottom-Line Growth for MNCs Has Remained Robust

Nifty MNC Index Has Delivered Better Sales Growth In The Last 10 Years



PAT Margin % For Nifty MNC Index Has Outperformed Other indices



Source: Kotak Institutional Equities Research, Capitaline, Data as on FY'24

# Lower Supply Of MNCs, A Potential Opportunity



## Limited Supply

MNCs rarely issue fresh issuances due to strong capitalization

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## Low Float

Low float of the stock in the market, further limiting the availability

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## Scarcity Premium

High demand and restricted supply create price surges, making MNC stocks more valuable

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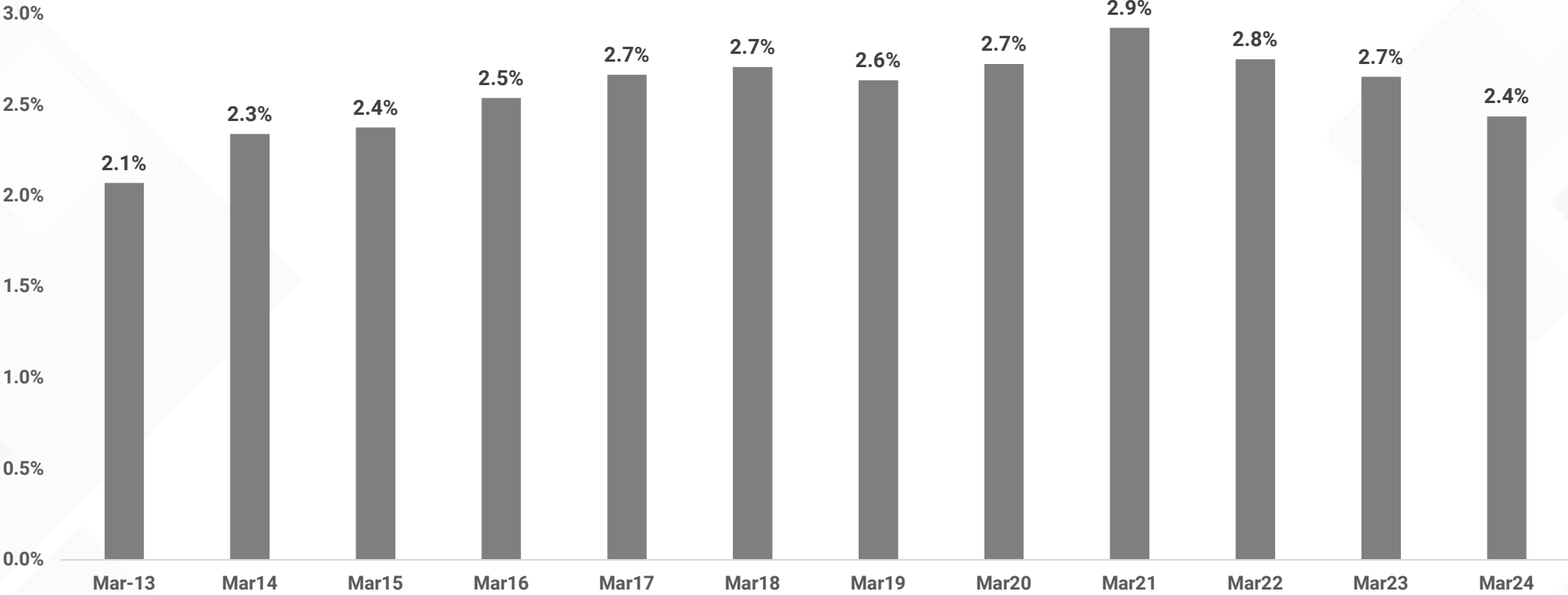
# Active Vs Passive Management



# MNCs Pay Royalty To Their Parent MNCs



% Royalty/Sales for Nifty MNC Index



Source: ACE MF Nxt, Data for Financial Years as on FY'24

## There Have Been Times Where MNCs Have Not Followed Governance



### Sebi asks NSE to evaluate Linde India's related party transactions

*The matter relates to various transactions and agreements by Linde India Ltd (LIL) with its related parties Praxair India Pvt Ltd (PIPL) and Linde South Asia Services Pvt Ltd (LSASPL).*

Apr 30 2024, business-standard

### Linde India: SEBI Order Highlights Governance Deficit

03 May 2024, article from money life

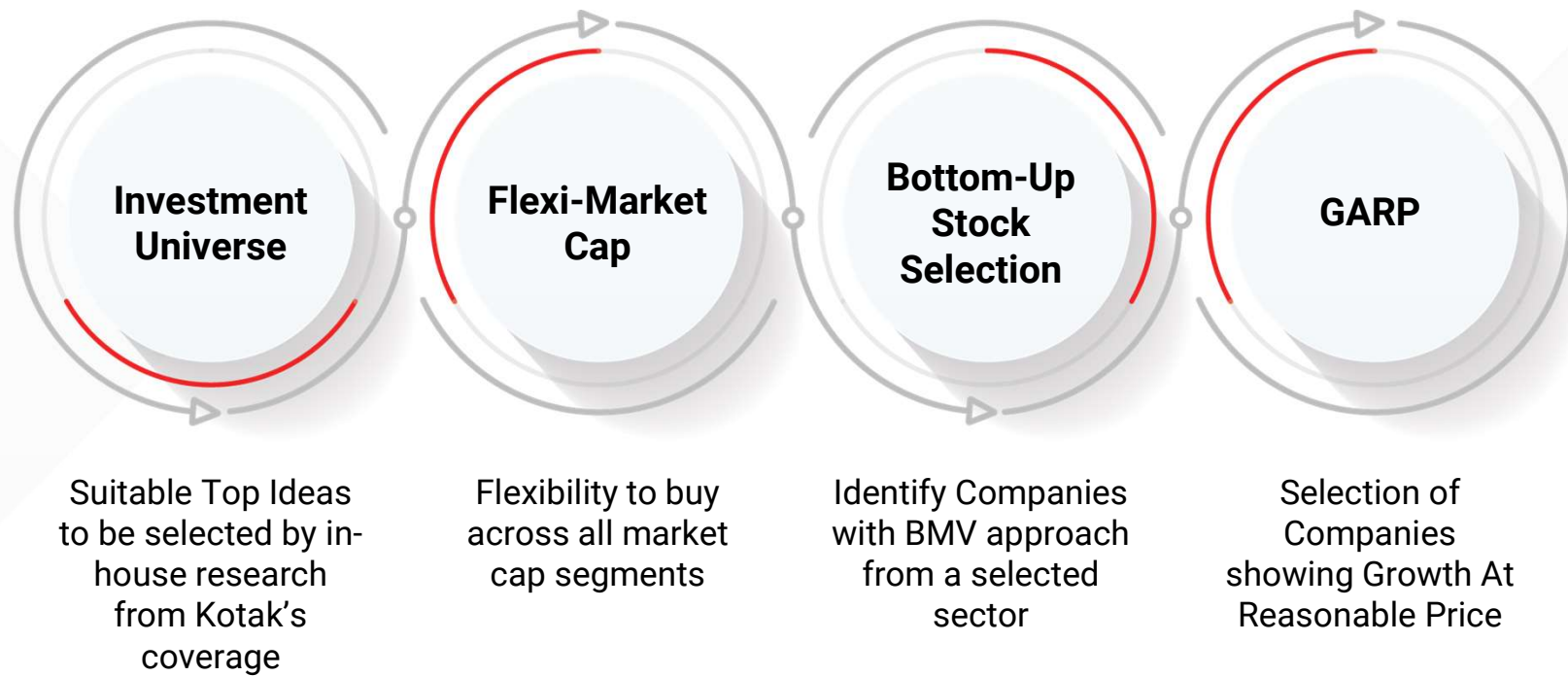
SEBI's investigation revealed that Linde India conducted material related party transactions without shareholder approval, potentially benefiting controlling shareholders disproportionately. SEBI has instructed the NSE to appoint a valuer to assess related party transactions between Linde India and Praxair India after shareholder complaints.

**Hence Active Management Becomes Important**

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# Kotak MNC Fund

# Investment Approach



# Salient Features



| Feature Description  | Feature Description   |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
|--|---|-------------|--|--|---------|---------|--|----|-----|--|---|----|------------------------------------|---|----|-------------------------|---|----|
| Name Of The Scheme   | Kotak MNC Fund  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Type of Scheme   | An open-ended equity scheme following multinational company (MNC) theme.  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Category   | Equity Schemes –Thematic Fund   |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Investment Objective   | 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 multinational companies (MNCs).<br>However, there is no assurance that the objective of the scheme will be achieved.  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Benchmark Index  | Nifty MNC TRI (Total Return Index)  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Asset Allocation#  | <table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative allocations (% of total assets)</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments of Multi-National Companies (MNCs)</td> <td>80</td> <td>100</td> </tr> <tr> <td>Equity and Equity Related instruments Other than Multi-National Companies (MNCs) *</td> <td>0</td> <td>20</td> </tr> <tr> <td>Debt and Money Market Securities#*</td> <td>0</td> <td>20</td> </tr> <tr> <td>Units of REITs &amp; InvITs</td> <td>0</td> <td>10</td> </tr> </tbody> </table>                                     | Instruments | Indicative allocations (% of total assets) |  | Minimum | Maximum | Equity and Equity related instruments of Multi-National Companies (MNCs) | 80 | 100 | Equity and Equity Related instruments Other than Multi-National Companies (MNCs) * | 0 | 20 | Debt and Money Market Securities#* | 0 | 20 | Units of REITs & InvITs | 0 | 10 |
| Instruments  | Indicative allocations (% of total assets)  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
|  | Minimum   | Maximum     |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Equity and Equity related instruments of Multi-National Companies (MNCs)           | 80  | 100         |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Equity and Equity Related instruments Other than Multi-National Companies (MNCs) * | 0   | 20          |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Debt and Money Market Securities#*   | 0   | 20          |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Units of REITs & InvITs  | 0   | 10          |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Fund Manager (s)   | Ms. Mr. Dhananjay Tikariha will be the fund manager for equity investment of the scheme. Mr. Abhishek Bisen will be the Fund Manager for debt investment of the Scheme and Mr. Arjun Khanna will be the Dedicated Fund Manager for investments in foreign securities  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Exit Load  | For redemption /switch out of upto 10% of the initial investment amount (limit) purchased or switched in within 1 year from the date of allotment: Nil.<br>If units redeemed or switched out are in excess of the limit within 1 year from the date of allotment: 1%<br>If units are redeemed or switched out on or after 1 year from the date of allotment: NIL<br>Any exit load charged (net off Goods and Services tax, if any) shall be credited back to the Scheme. Units issued on reinvestment of IDCWs shall not be subject to entry and exit load. No exit load will be chargeable in case of switches made between different plans/options of the scheme. |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |
| Minimum Purchase Amount  | Initial Purchase (Non- SIP)- Rs. 100/- and any amount thereafter<br>Additional Purchase (Non- SIP)- Rs. 100/- and any amount thereafter<br>SIP Purchase- Rs. 100/- and any amount thereafter  |             |  |  |         |         |  |    |     |  |   |    |                                    |   |    |                         |   |    |

\*For detailed asset allocation and scheme information, please refer the scheme information document (SID)  
The Scheme may invest upto 20% of the net assets in overseas securities including units issued by overseas Mutual Funds/Overseas Securities as may be permissible and described in para 12.19 of SEBI Master circular no SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, as may be amended from time to time, within the overall applicable limits.

# Fund Managers Of Kotak MNC Fund



## Fund Manager



### **Mr. Harsha Upadhyaya** President & Chief Investment Officer - Equity & Fixed Income

- Has been with Kotak Mahindra AMC since August 2012 and is a part of the Equity Investment Committee
- 25 years of industry experience including that in DSP Blackrock, UTI, Essar Steel, Prabhudas Liladhar, S G Asia Securities and Reliance Group
- PGDM (Finance) – IIM Lucknow, CFA and B.E.

## Co-Fund Manager





### **Mr. Dhananjay Tikariha**

#### **Business Experience:**

- 17+ years of industry exp.
- Co-Fund Manager Of Kotak Healthcare Fund (Dec 11' 23)
- With Kotak Mahindra AMC for 16 years

## KOTAK MNC FUND

An open-ended equity scheme following multinational company (MNC) theme

|  |  |   |
|--|--|---|
| <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investment in portfolio of predominantly in equity and equity related securities of multinational companies (MNCs).</li> </ul> | <p><b>Scheme Risk-o-meter#</b></p>   | <p><b>Benchmark (Nifty MNC TRI) Risk-o-meter</b></p>  |
|  |  <p><b>RISKOMETER</b><br/>Investors understand that their principal will be at Very High Risk</p> |  <p><b>RISKOMETER</b><br/>Investors understand that their principal will be at Very High Risk</p> |

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

The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made

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