



Introducing

**SUNDARAM**

## Flexi Cap Fund

An open-ended dynamic equity scheme investing across large cap, mid cap, small cap stocks

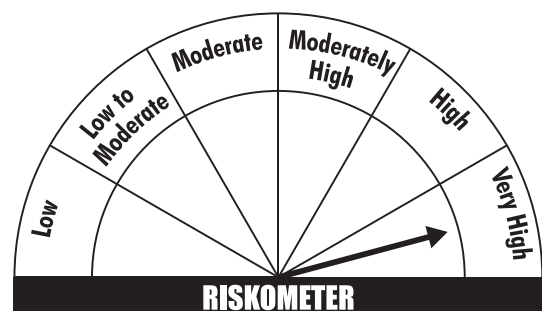
## OPTIMIZING OPPORTUNITIES

Relax! Set aside your worries on what percent of Large, Mid & Small Caps to own.

**INVEST NOW**

**NFO Period: Aug 16, 2022 - Aug 30, 2022**

Consult your Mutual Fund Distributor or call us on 1860 425 7237 for more details [f /SundaramAMC](#) [t /SundaramMF](#) [i sundarammutualofficial](#) [v /sundarammutual](#)



Investors understand that their principal will be at Very High Risk

**This product is suitable for investors who are seeking\***

- Capital appreciation over long term
- Investments in a dynamic mix of equity and equity related instruments across large cap, mid cap and small cap stocks

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

**Sf**  
**SUNDARAM**  
**MUTUAL**

UNEARTHING OPPORTUNITIES

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



**SUNDARAM MUTUAL**  
UNEARTHING OPPORTUNITIES

# MACRO THEMES : SECTORS & VALUATIONS



# LARGE GROWTH OPPORTUNITY



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Indian economy to expand to 3x of its current size over the next one and half decades. Within which the value added growth to grow to 4x, leading to higher consumption growth.



After almost a decade of slowdown in Investment demand, the Indian economy is on the verge of firing on both cylinders - Consumption and Investment.



The overall nominal GDP is assumed to grow at 12% CAGR along with currency depreciation of 3% p.a.

USD Tr.

10.0

8.0

6.0

4.0

2.0

0.0

FY08

FY15

FY22

FY28

FY36

■ Manufacturing

■ Services

■ Private consumption

■ Nom.GDP

0.2

0.5

0.7

1.2

0.3

1.0

1.2

2.0

0.4

1.5

1.9

3.2

0.7

2.7

3.0

5.1

1.4

6.3

6.2

10.1

# TWIN ENGINES OF GROWTH



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**Consumption**

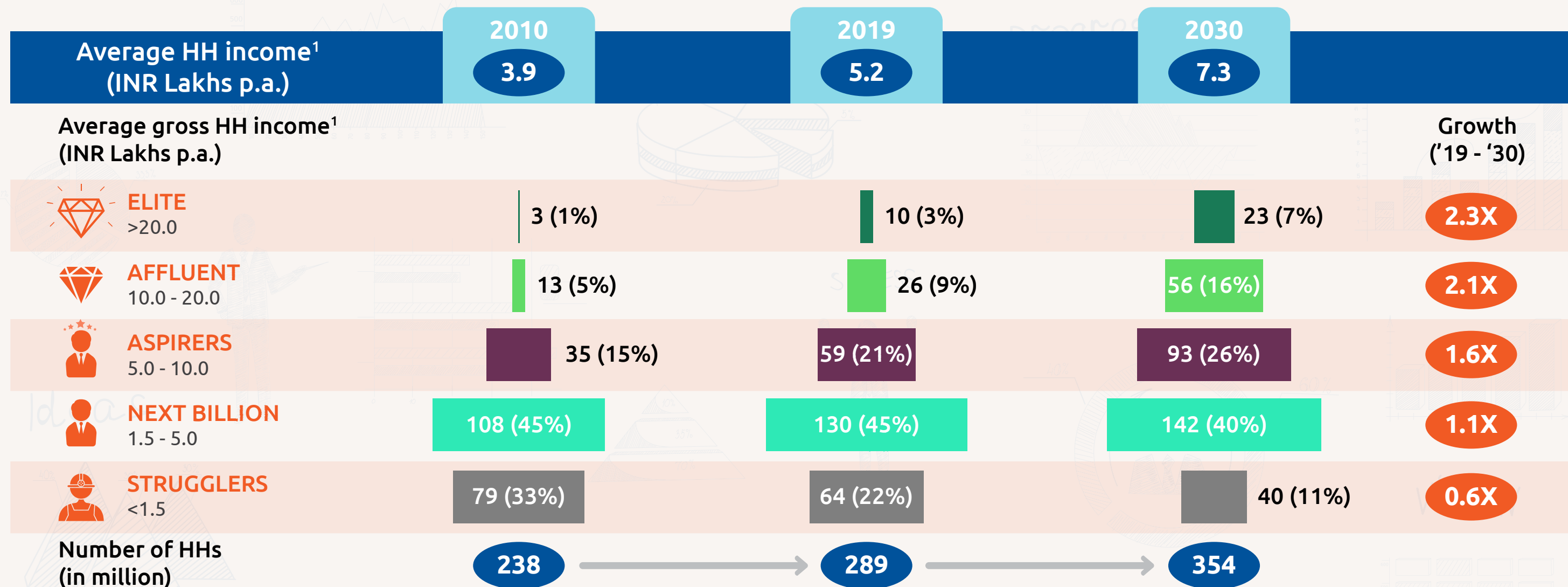


**Investments**



# TRANSFORMATION TOWARDS A MIDDLE INCOME COUNTRY

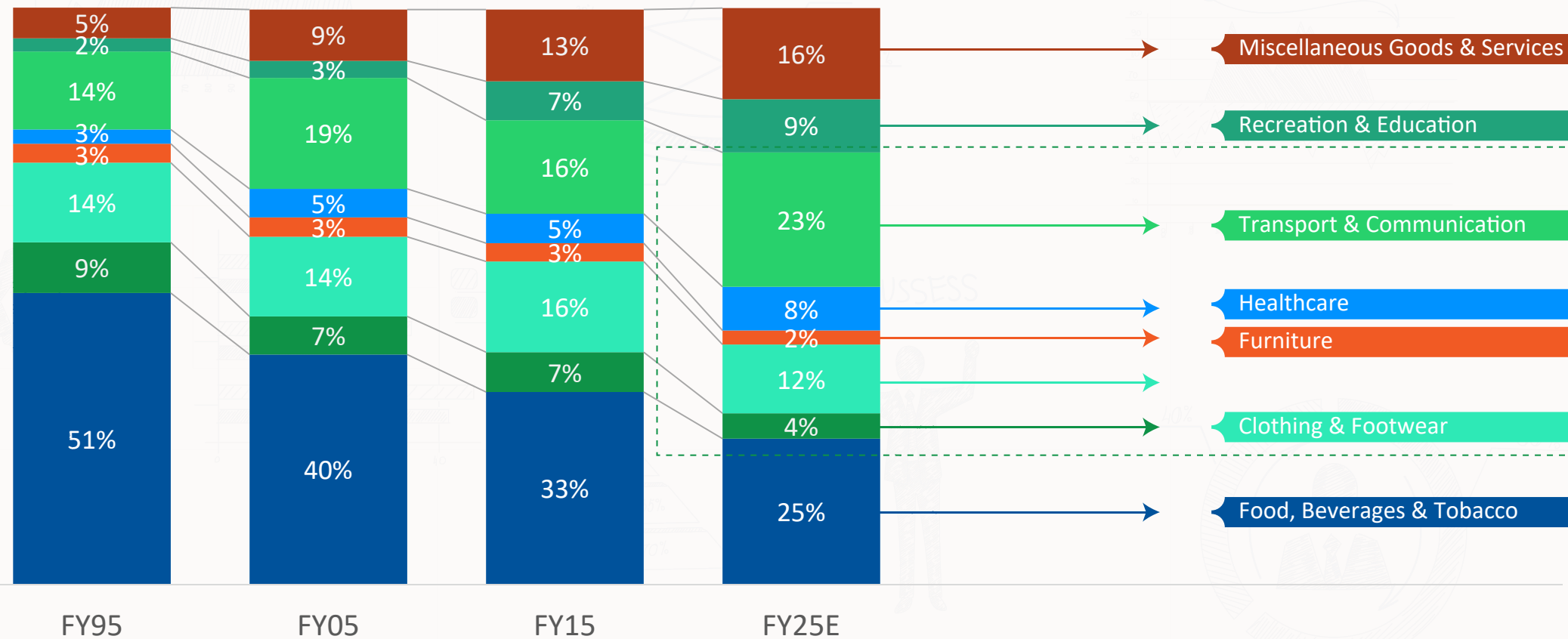
- » The bulge in the middle will drive growth almost in every segment of the GDP
- » The top three buckets to increase from 33% to ~50% of the total population



# BIAS TOWARDS DISCRETIONARY SPENDING



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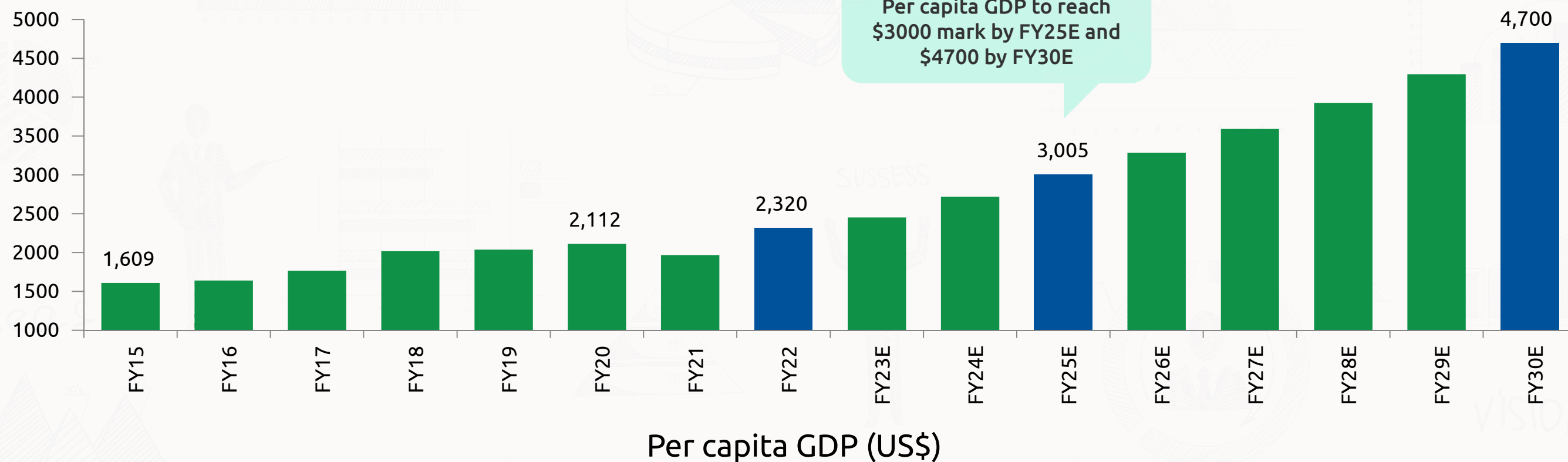


## CHANGE IN CONSUMPTION SPENDING



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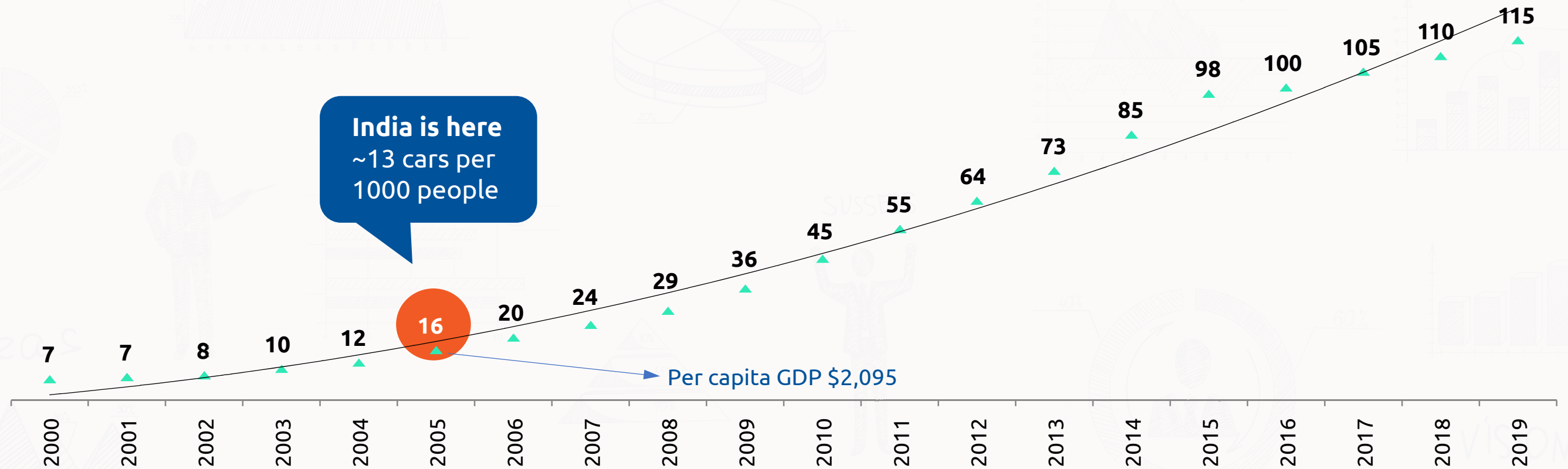
India has crossed the \$2k per capita income mark, seen as an inflection for a jump in discretionary spending



China car penetrations rose after crossing the \$2,000 GDP per capital level

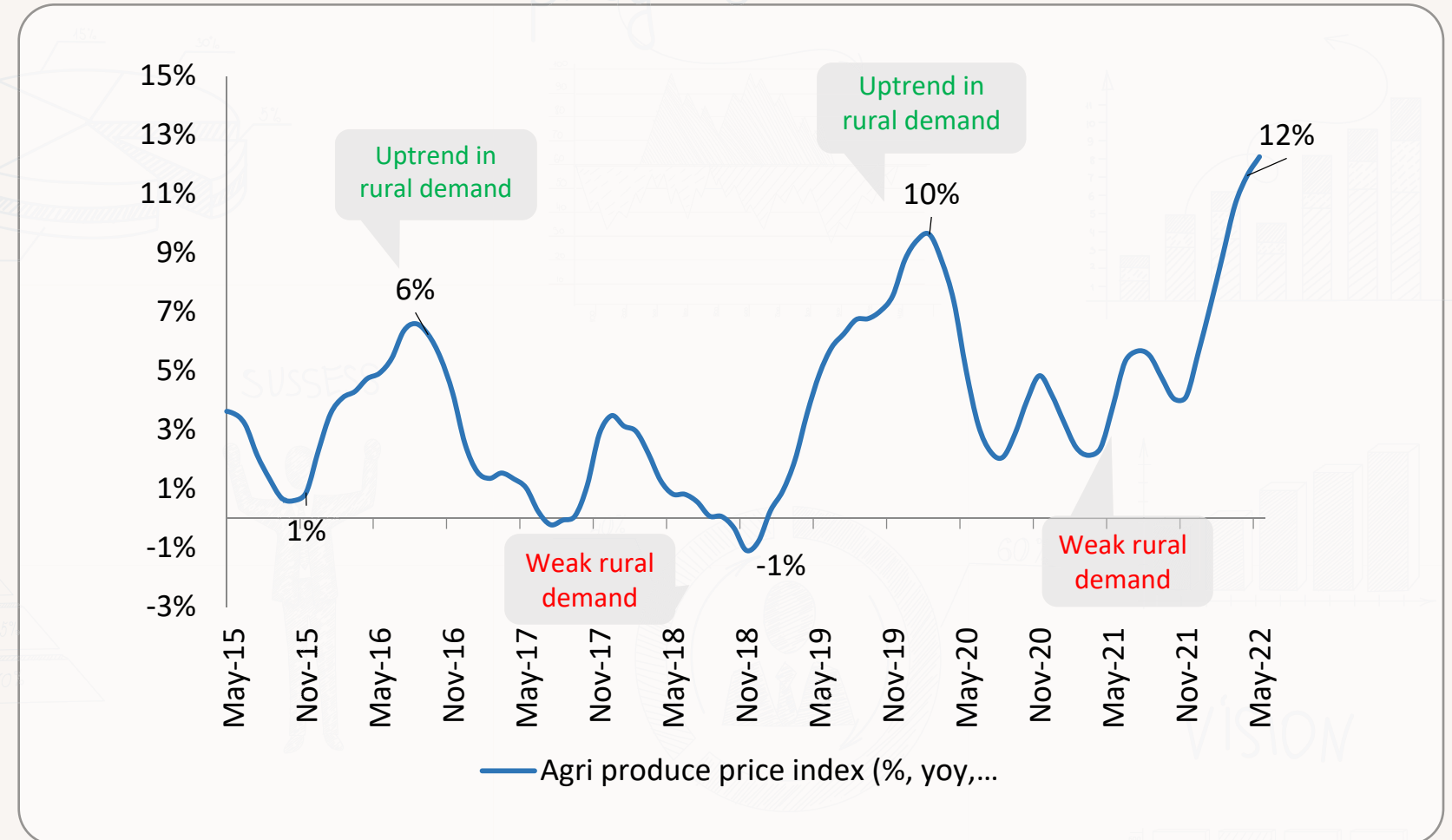
**India is here**  
~13 cars per  
1000 people

Per capita GDP \$2,095





- » Rural income likely to rise after a slowdown over the past 2 years (low agri income and return of migrant workers)
- » As per capita income goes beyond \$2000, consumption pattern changes in favour of discretionary demand
- » Consumption pattern shifting:
  - ▶ Favorable demographics
  - ▶ Aspirational, upwardly mobile middle class
  - ▶ Trend changing from unorganized towards organized players



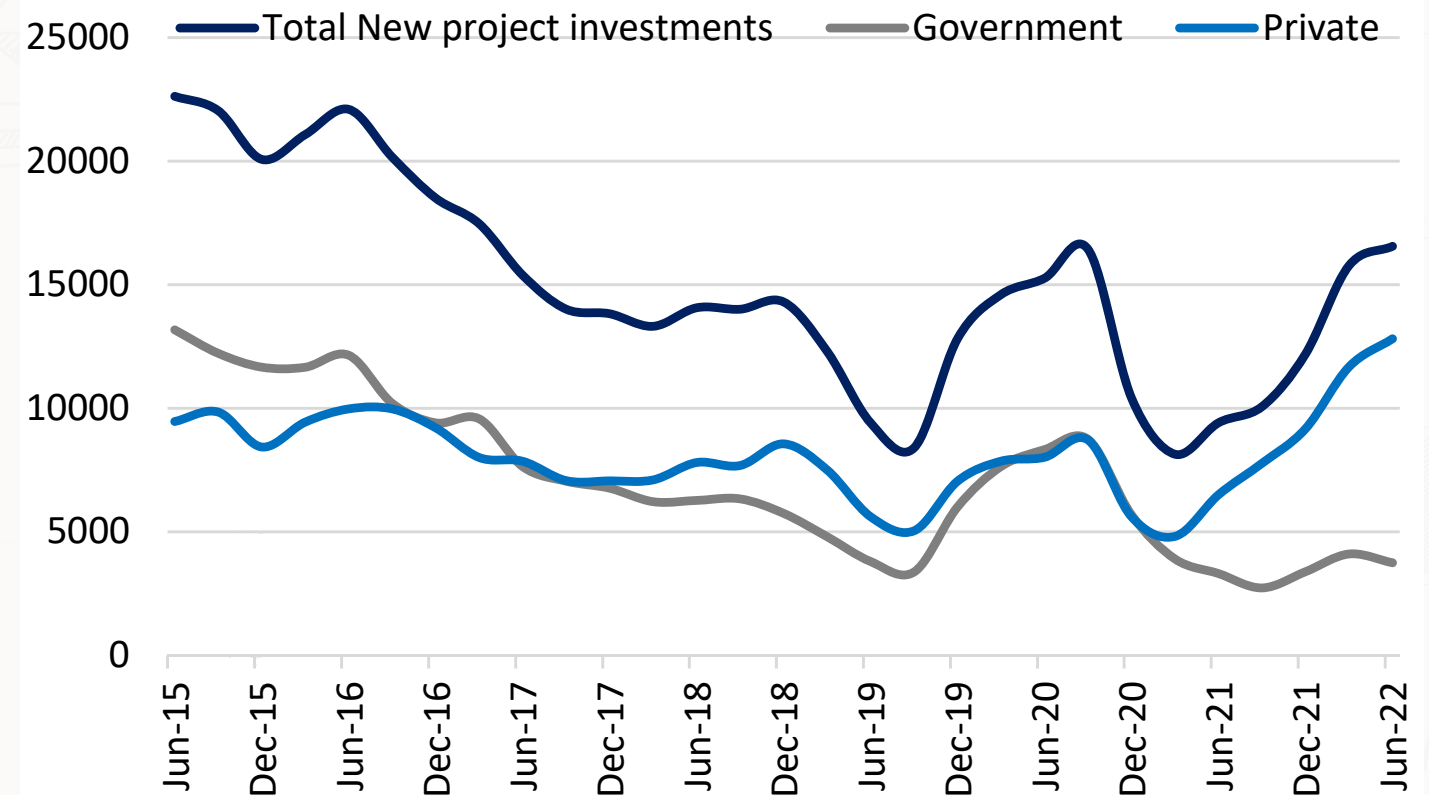
## INVESTMENT DRIVERS



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- » Impetus towards manufacturing through PLI and 'Atmanirbhar Bharat' schemes
- » Diversification of global supply chains to aid manufacturing growth
- » Early signs of Capex growth is visible
- » Capex, private and public, provide strong infrastructure push

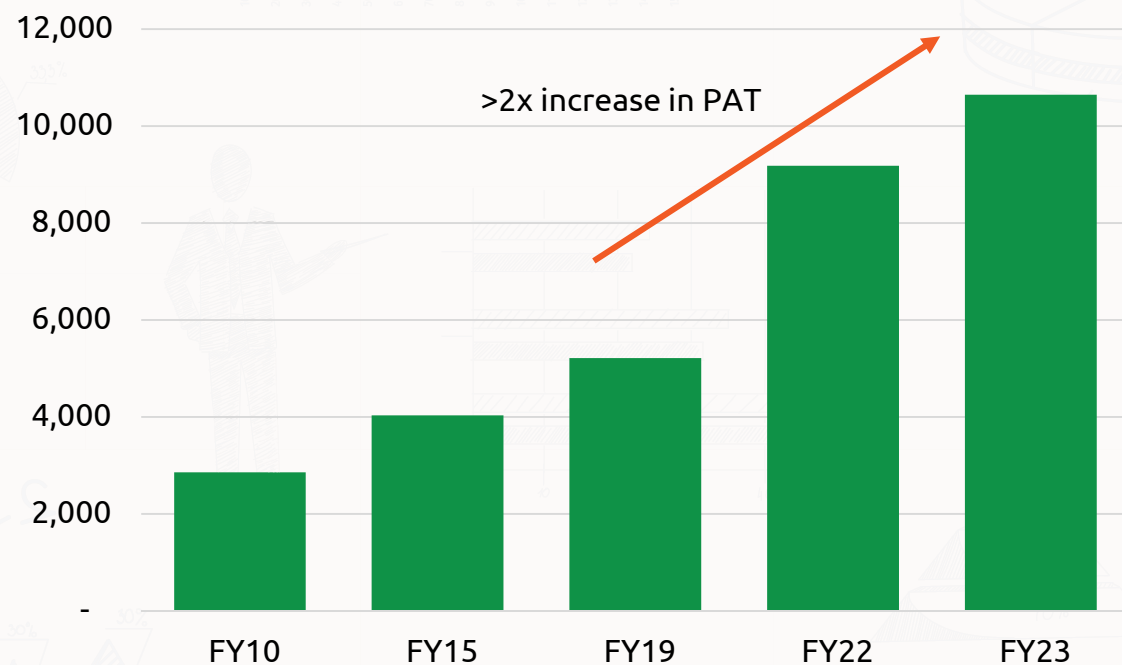
### New investment projects (Rs.bn, 4Q trailing sum)



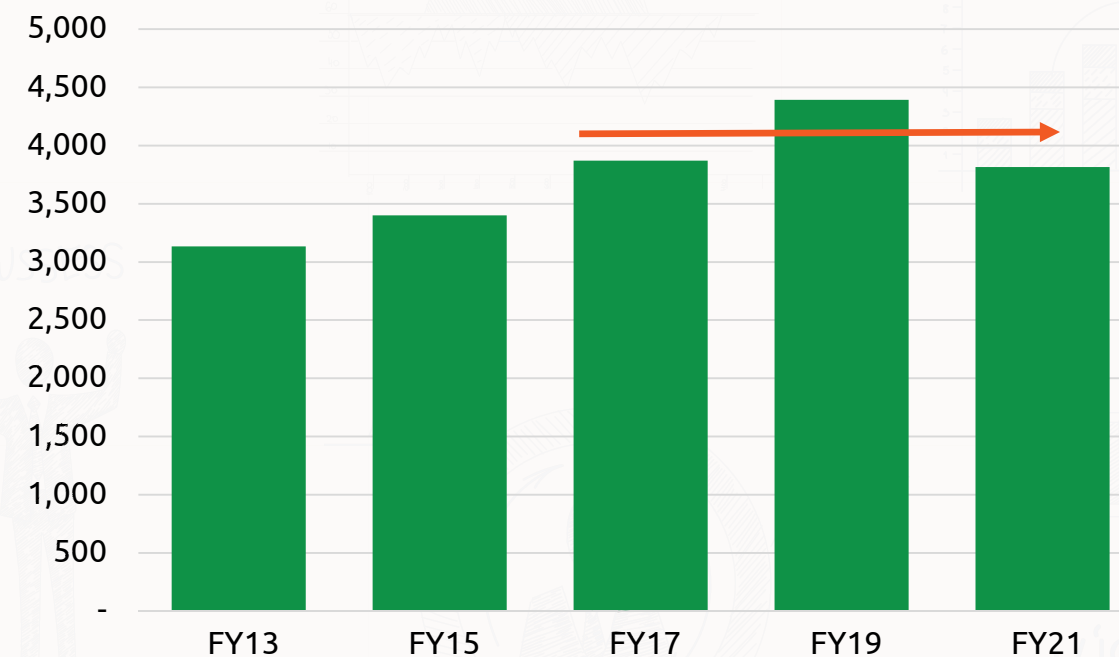
## CAPEX CYCLE SET FOR A REVIVAL

- » Corporate profitability is at a decadal high and is set to double to Rs.10.6tr in FY23 from FY19
- » Corporate cash flow generation is at a multi-year high; positive for India's delayed Capex cycle

### Corporate profitability (Rs.Bn)



### BSE500 Capex (Rs.Bn)



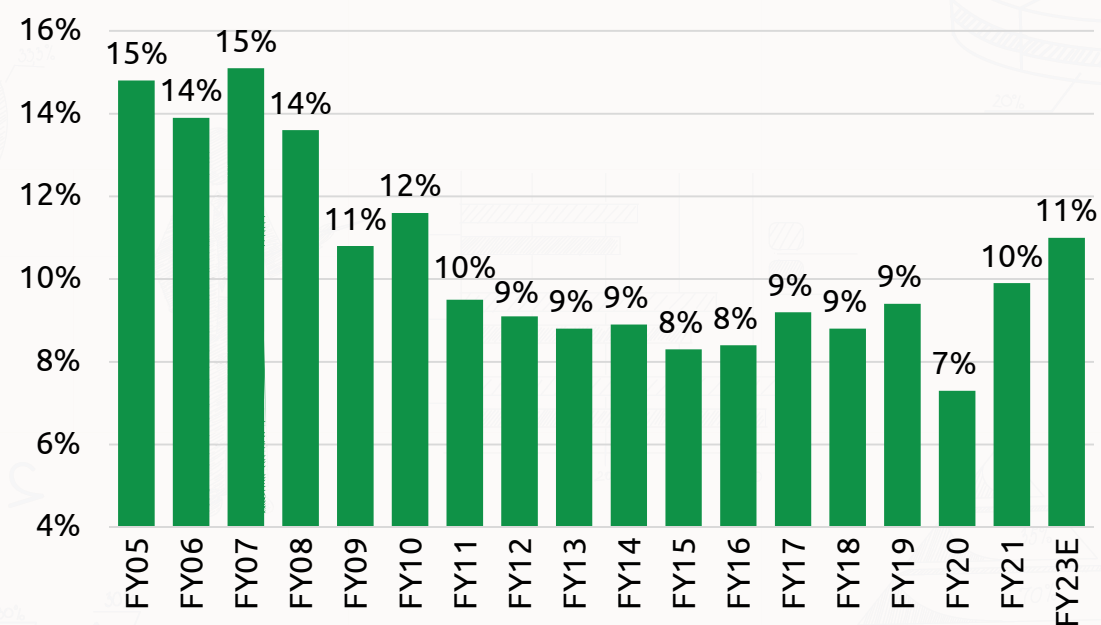
## CORPORATE ROIC IS IMPROVING

» Higher profitability is expected to lead to a higher RoIC – CoC spread

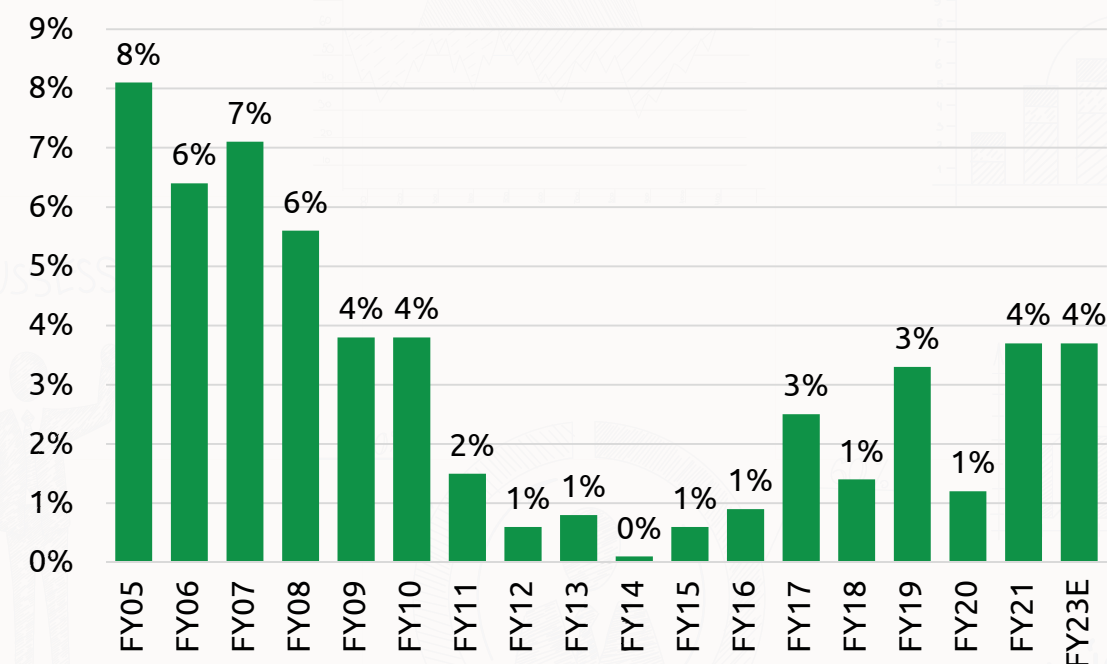


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**BSE500 RoIC spread over Cost of capital**



**BSE500 RoIC spread over Risk-free rate**

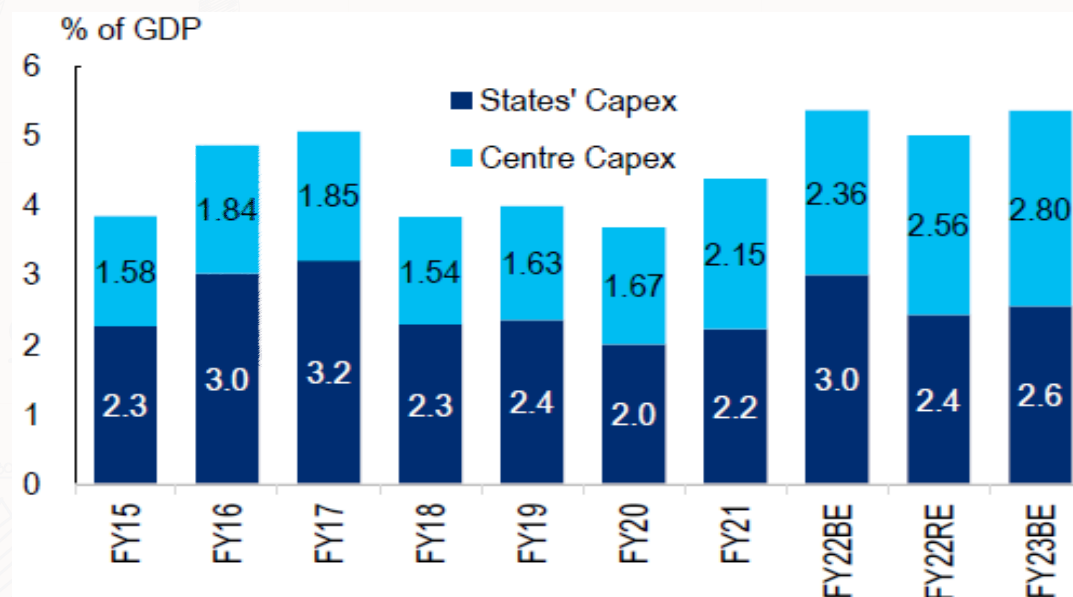




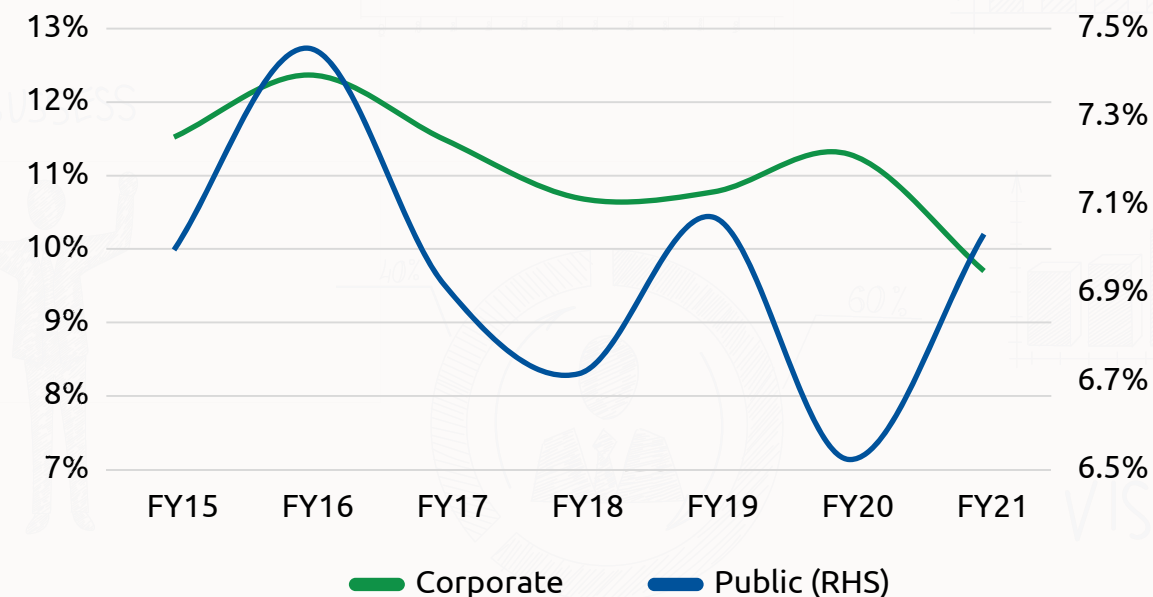
## CAPEX MOMENTUM PICKS UP, AS PLI INCENTIVIZES THE PRIVATE SECTOR

- » Both public and private capex spends/pipelines are picking up
  - Highways/renewable spends by the centre
  - Sanitation/water supply spends from states
- » Production linked Incentive (PLI) initiative covers 14 sectors
  - Outlay of Rs.2.6tr
  - Potential to add 0.3-0.5% to annual GDP growth between 2023-27

### State and centre capex assumption (% GDP)



### Public investment tried to offset Corp/HH weakness (%GDP)



# GOOD TIME TO INCREASE EQUITY ALLOCATION



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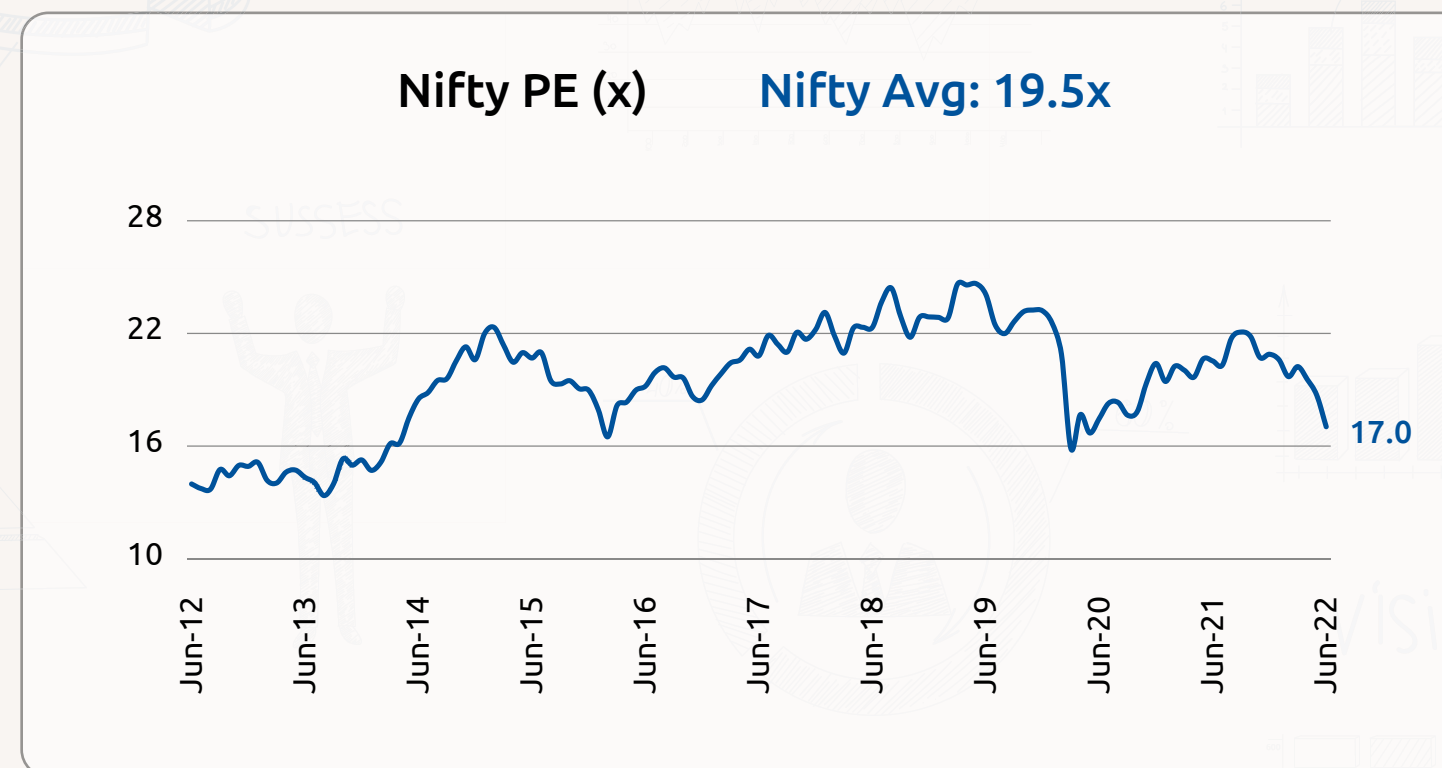
## » Near Term Concerns Ebbing

- Inflation appears to have peaked
- Significant part of rate hikes are already priced in
- Currency is stable after recent depreciation
- Geo-political risks remain, however, with an increased de-escalation probabilities

## » Valuations are relatively better

- Nifty PE 1 year fwd has corrected from recent high of 22x to 17x

Commodities	%drop from 12M high
Steel	-53
Palm Oil	-51
Cotton	-35
Aluminium	-31
Iron Ore	-30
Zinc	-28
Copper	-28
Caustic Soda	-21
Rubber	-19
Lead	-17
Oil	-14
Coal	-10





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# FLEXI CAP FUND

# BENEFITS OF INVESTING IN FLEXICAP



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## Flexi Cap approach helps balance risk & returns

**1** Dynamically invests across Large/Mid/Small cap depending on the relative attractiveness and valuations

**2** Provides investment opportunities across Market cap spectrum

**3** Diversified across major industries and economic sectors

**4** Potential to outperform across market cycles

**5** More investment choices for the fund manager thereby leading to diversification





# WHY SUNDARAM FLEXI CAP?

	Minimum Allocation %		
	Large Cap	Mid Cap	Small Cap
Sundaram Large Cap Fund	80%		
Sundaram Mid Cap Fund		65%	
Sundaram Large & Mid Cap Fund	35%	35%	
Sundaram Small Cap Fund			65%
Sundaram Multi Cap Fund	25%	25%	25%
Sundaram Flexi Cap Fund	ACROSS MARKET CAP		

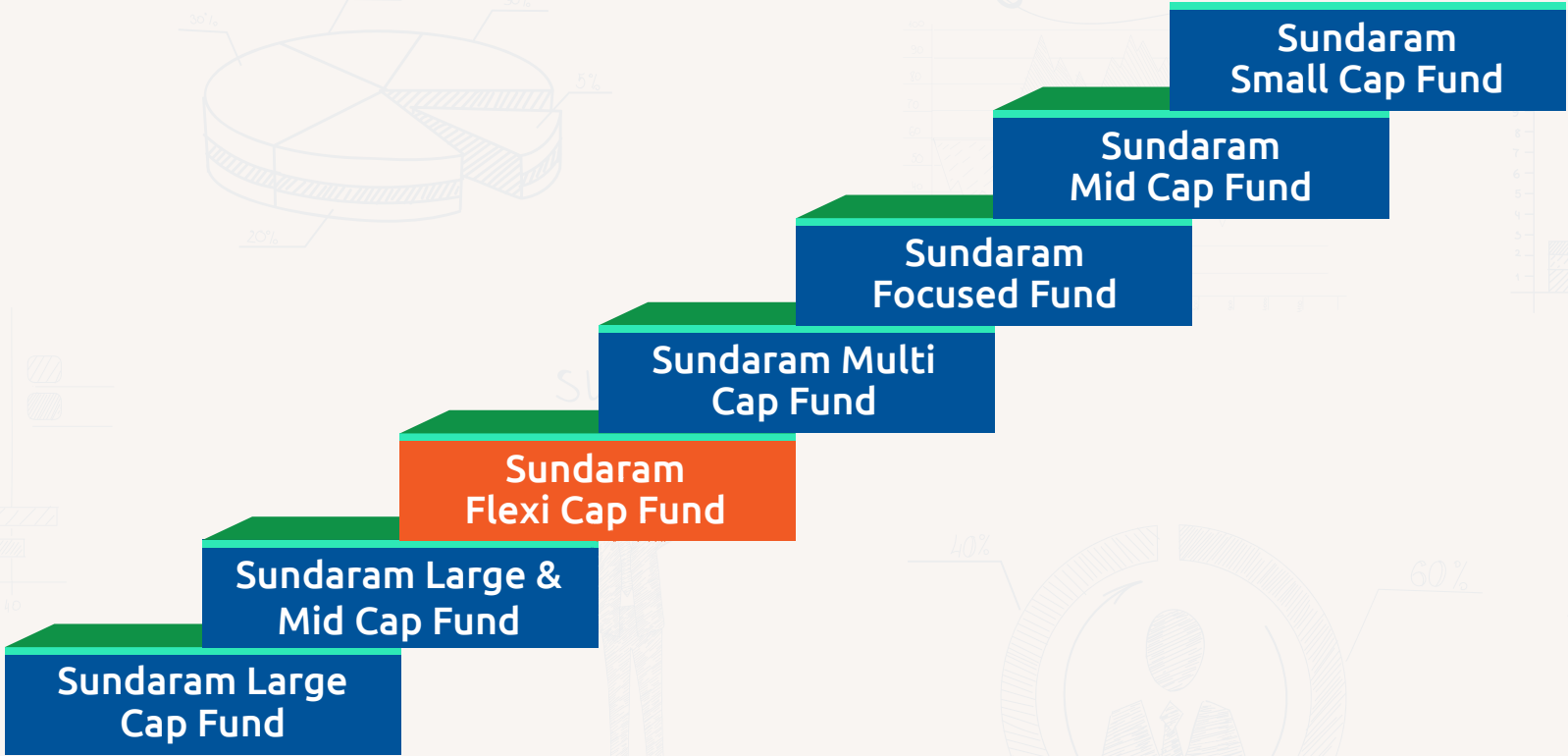


# RISK RETURN SPECTRUM



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Potential Returns



Potential Risk

### Market Cap Bias

The Fund manager will identify opportunities basis prevailing market conditions

### Sector Allocation

Mix of top-down and bottom-up approaches with no sector bias to identify opportunities

### Stock Selection

Stock selection will be based on factors such as company fundamentals and valuations

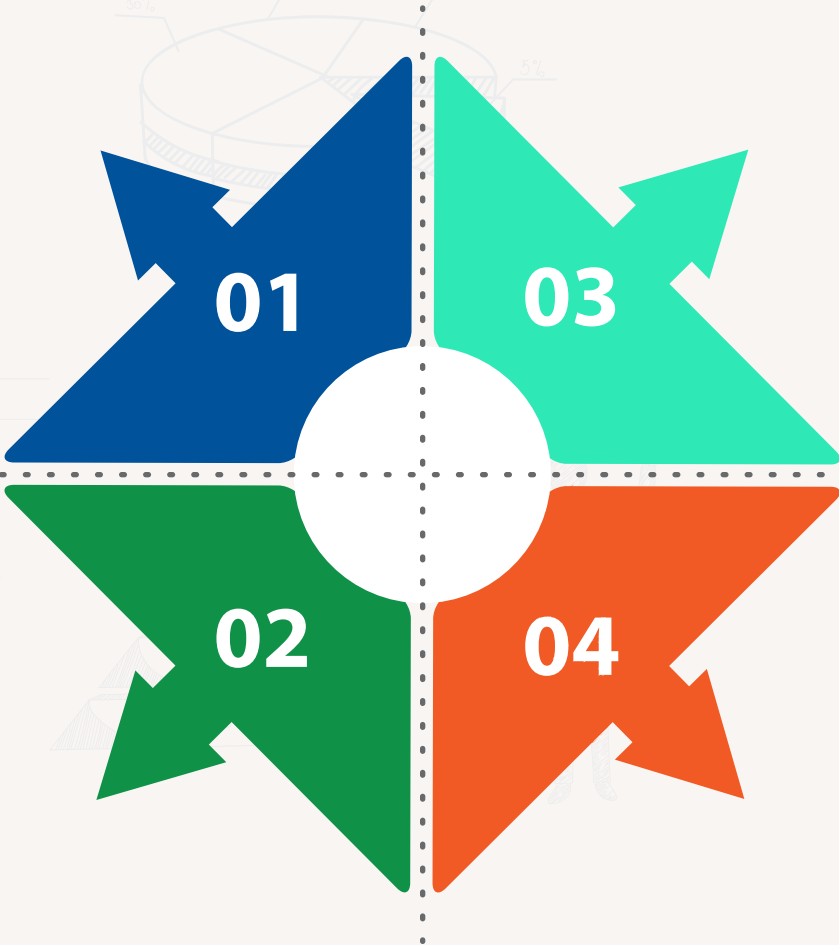




Bottom-up approach to stock selection

Judicious mix of Large, Mid and Small caps with about 55-70 stocks

Invest in opportunities across market caps



Large caps likely to be biased towards compounding stories and mid and small caps likely to provide alpha generation

Valuation Metrics as a broad guidance to investment

# BEST & WORST PERFORMING INDEX EVERY YEAR



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Worst Performing Index



Best Performing Index



	Large Cap Index	Mid Cap Index	Small Cap Index
2012	Downward arrow	Upward arrow	
2013	Upward arrow		Downward arrow
2014	Downward arrow		Upward arrow
2015	Downward arrow		Upward arrow
2016		Upward arrow	Downward arrow
2017	Downward arrow		Upward arrow
2018	Upward arrow		Downward arrow
2019	Upward arrow		Downward arrow
2020	Downward arrow		Upward arrow
2021	Downward arrow		Upward arrow

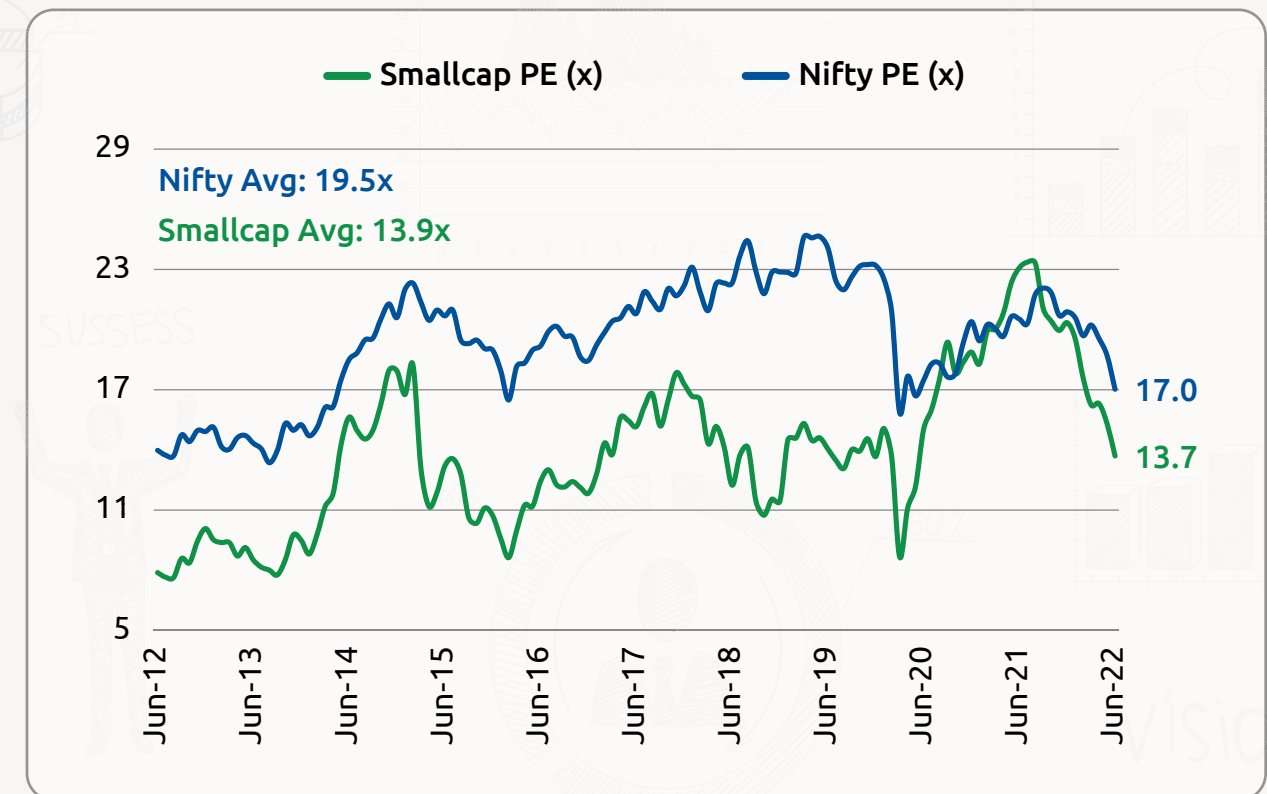
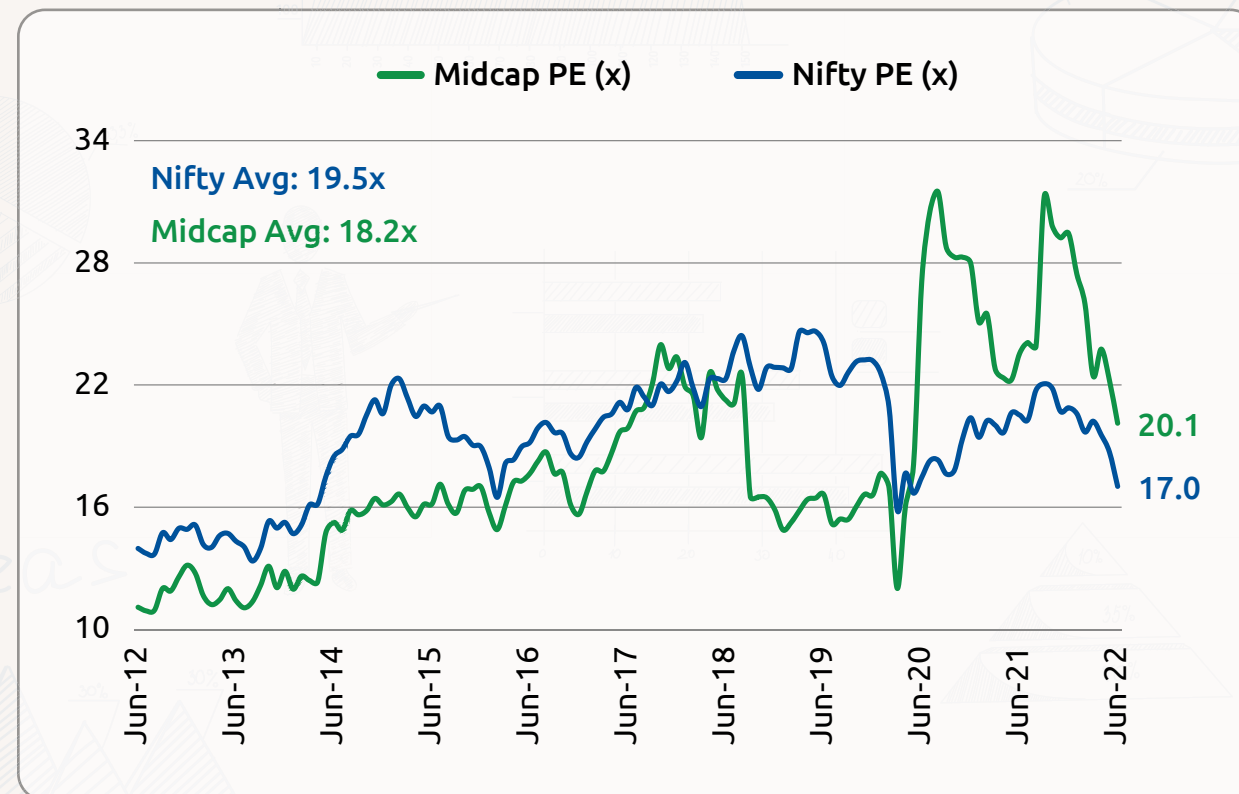
For Large Cap: Nifty 100 TRI. For Mid Cap: Nifty Mid Cap 100 TRI. For Small Cap: Nifty Small Cap 250 TRI  
Inhouse Computation. For Illustration Purpose only

# VALUATIONS – MID & SMALL CAPS VIS-À-VIS LARGE CAPS



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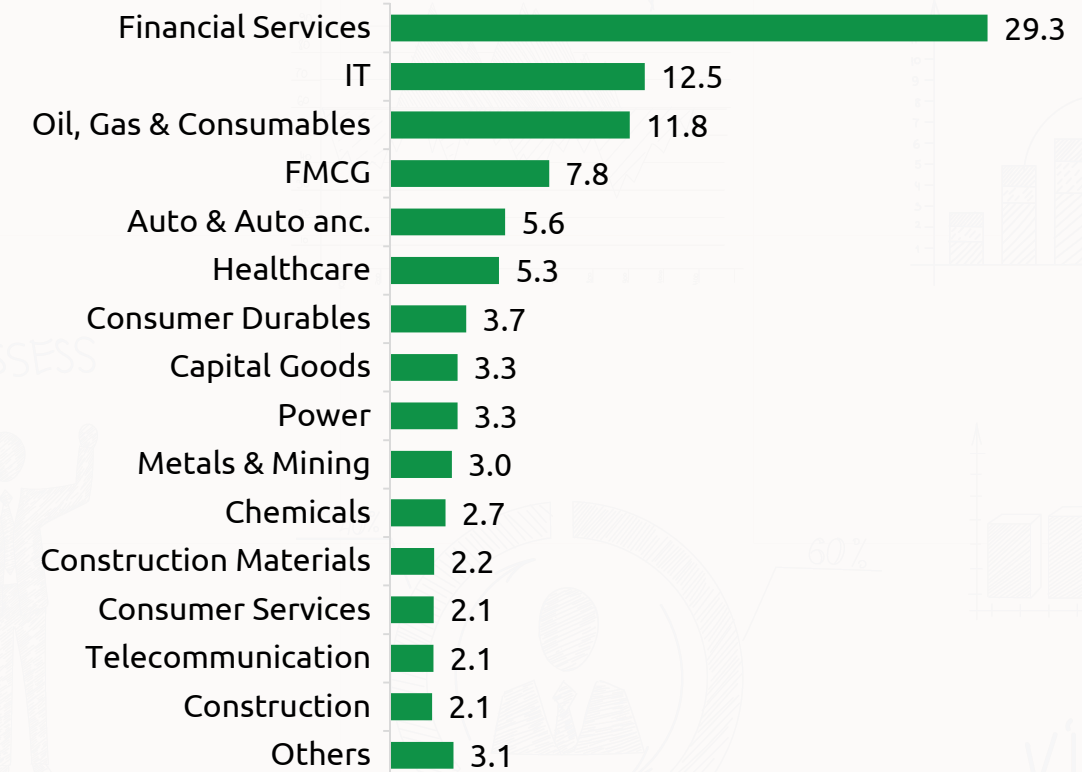
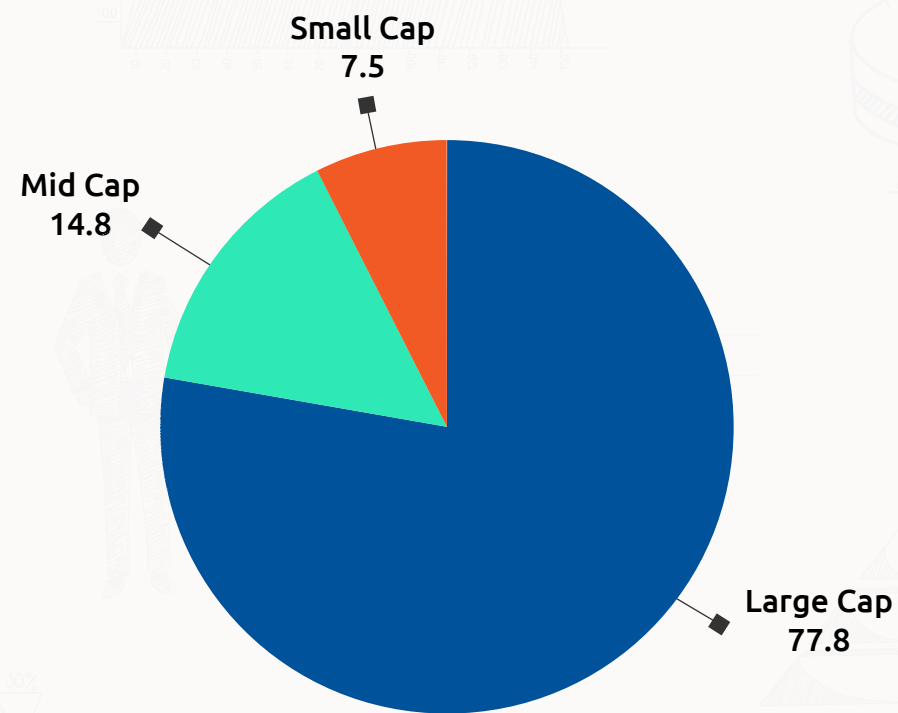
1 Year Forward (10-year period)



# NIFTY 500 – CAP CURVE & SECTOR CLASSIFICATION



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# ILLUSTRATIVE DYNAMIC ALLOCATION TABLE



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The table below is for illustration and guidance purpose only

Composite PE Index premium/(discount) % over Nifty 100 Index PE – 1 year forward	Allocation %		
	Large Cap	Mid Cap	Small Cap
<= -20	50	33	17
<= -10 and > -20	55	30	15
<= 0 and > -10	60	27	13
<= 10 and > 0	65	23	12
<= 20 and > 10	70	20	10
>20	80	13	7

Higher the Mid and Small Cap Index PE, higher the allocation in large caps and vice versa

During extreme circumstances, the above allocation range may be revised

Composite PE and allocation is computed in the ratio of 2/3rd and 1/3rd of Midcap and Smallcap index respectively



## Turnaround/Business Restructuring

- » Improvements in business environment or Company fundamentals
- » Cost control measures and Operational efficiencies
- » Change in Management
- » Changing regulations
- » Balance sheet restructuring
- » Product rationalization and innovation

## Value Unlocking

- » Corporate action, Mergers and Acquisitions opportunities
- » Identifying intrinsic value opportunities

## Value Migration

- » Addition to Product offering
- » Play on premiumization and changing consumption pattern
- » Technology and Innovation in products and process
- » Identify early stage of change in business/industry cycle

## New Age Economy

- » Emerging sectors
- » Currently India is poised for numerous such opportunities in spaces like
  - › Insurance,
  - › Healthcare,
  - › Renewable Energy,
  - › Asset/Wealth Managers,
  - › FinTech,
  - › eCommerce
  - › Movie Exhibition
  - › Migration to Electric Vehicles
  - › Organized Retail
  - › Logistics

**INVESTMENT  
OPPORTUNITIES  
ACROSS  
MARKET CAP**



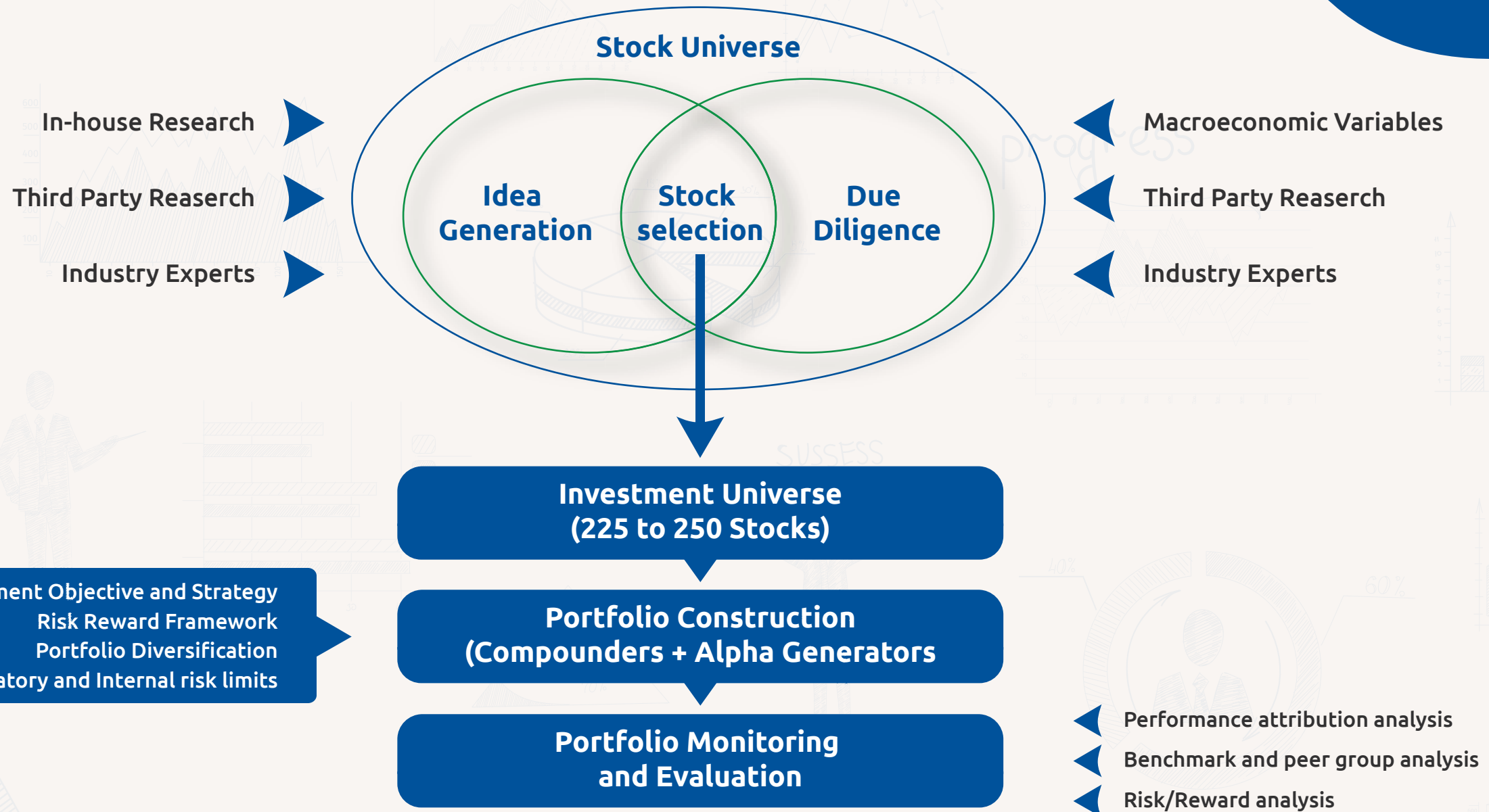
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# WHY SUNDARAM MUTUAL?

# AMC INVESTMENT PROCESS



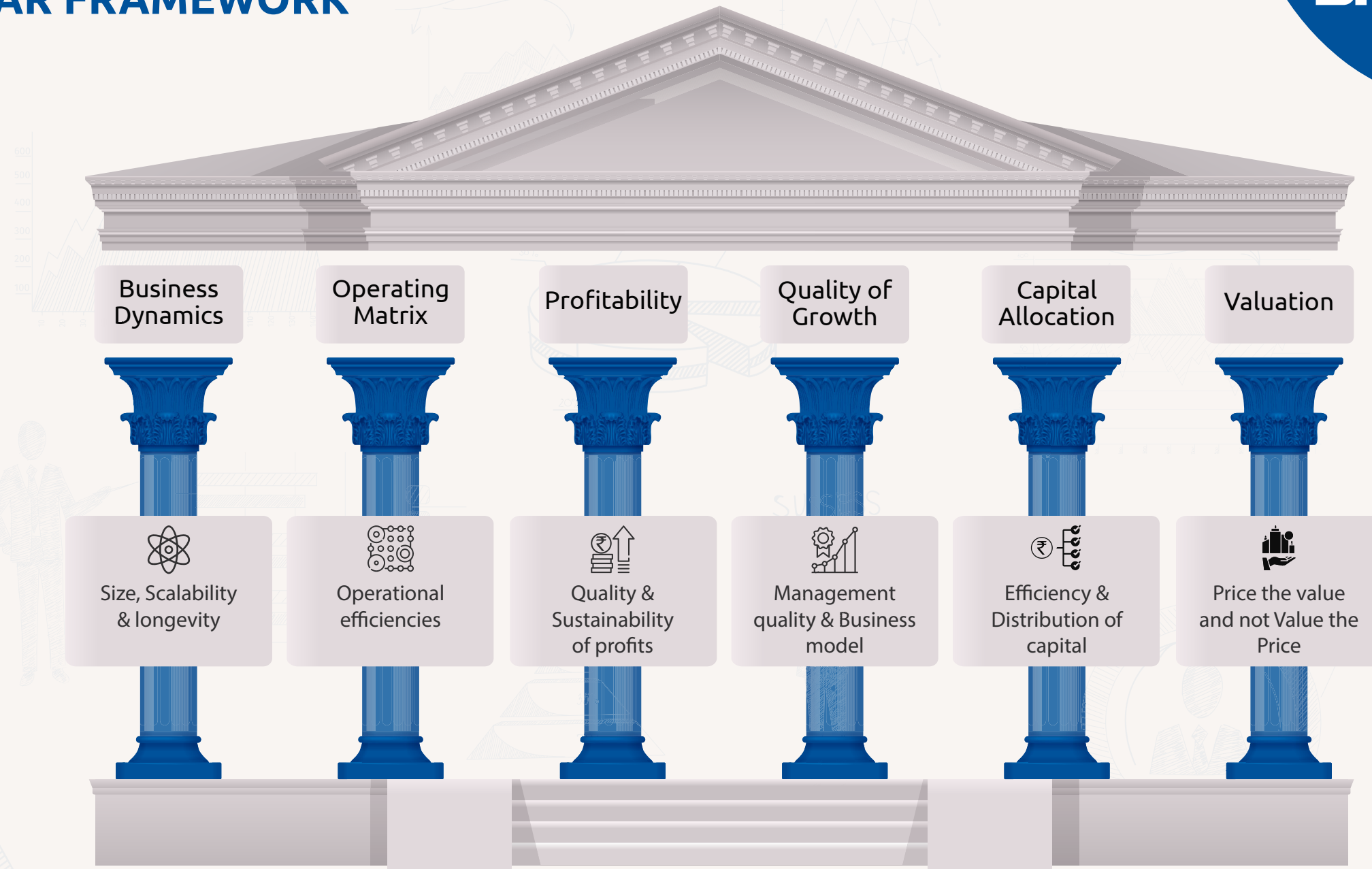
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# SIX PILLAR FRAMEWORK



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## FUND DETAILS



### Fund Managers

Mr. Sudhir Kedia & Mr. Ravi Gopalakrishnan



### Benchmark

Nifty 500 TRI



### Exit Load

Less than 365 Days

- Up to 25% of the units: Nil
- More than 25% of the units: 1%

After 365 Days

- Nil

'If units are redeemed, switched out by way of SWP or transferred by way of STP in' before "Less than 365 days"



### Minimum Application Amount

Regular and Direct Plan: Rs 100 and multiples of Re 1 thereafter



### Plans and Options

Plans: Regular Plan & Direct Plan

Options: ▶ Growth ▶ Income Distribution cum Capital Withdrawal (IDCW)

Sub-Option ▶ IDCW Pay-out ▶ IDCW Reinvestment ▶ IDCW Transfer



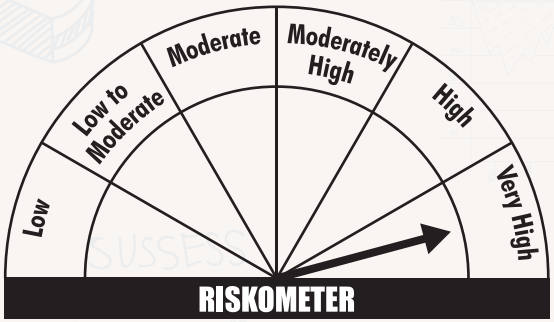
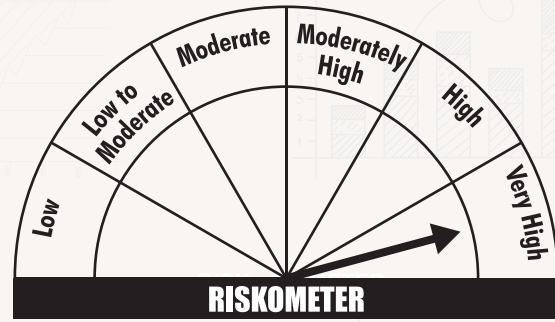
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**Statutory: Mutual Fund:** Sundaram Mutual Fund is a trust under Indian Trusts Act, 1882. Liability for sponsors is limited to ₹ 1 lakh. Sponsors: Sundaram Finance.

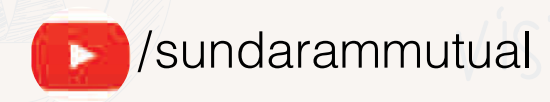
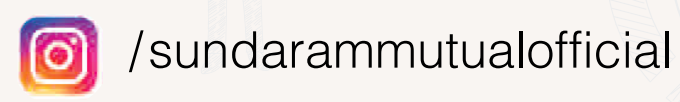
**Investment Manager:** Sundaram Asset Management Company. Trustee: Sundaram Trustee Company.

## SUNDARAM Flexi Cap Fund

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	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
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Consult your Mutual Fund Distributor or reach us at (India) 1860 425 7237, (NRI) +91 40 2345 2215 SMS SFUND to 56767 Visit [www.sundarammutual.com](http://www.sundarammutual.com)



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