

# Axis Healthcare ETF

(An Open Ended Exchange Traded Fund tracking NIFTY Healthcare Index)

Invest in the brightest names in  
Healthcare at your pace

**NFO Opens**

30<sup>th</sup> April 2021

**NFO Closes**

10<sup>th</sup> May 2021



AXIS ASSET MANAGEMENT

# Product Labelling

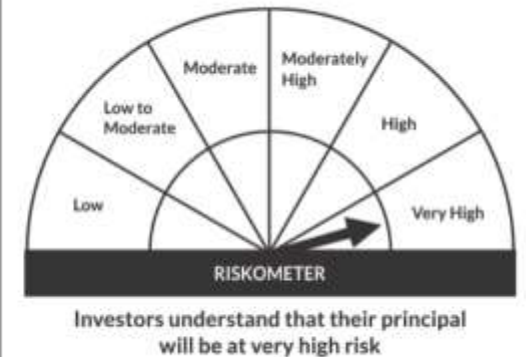
## Axis Healthcare ETF

(An Open Ended Exchange Traded Fund tracking NIFTY Healthcare Index)

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

- Long term wealth creation solution
- The fund that seeks to track returns by investing in a basket of NIFTY Healthcare Index stocks and aims to achieve returns of the stated index, subject to tracking error

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



# Healthcare Sector

## Key Components of the Healthcare Industry



Source: Axis MF Research.

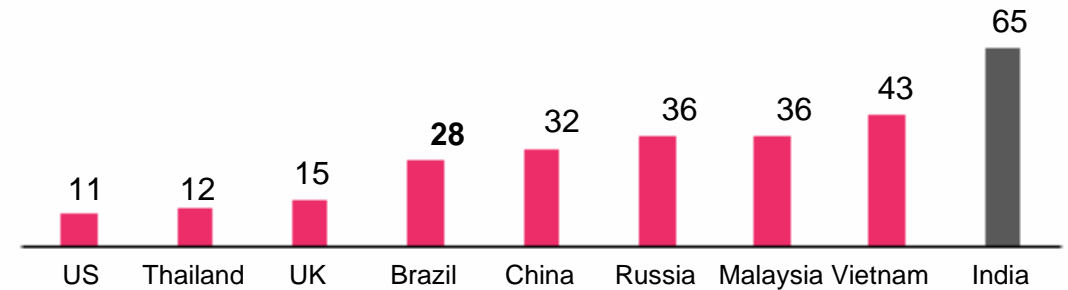
Sector(s) mentioned above are for the purpose of illustration and should not be construed as recommendation. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

# Hospitals

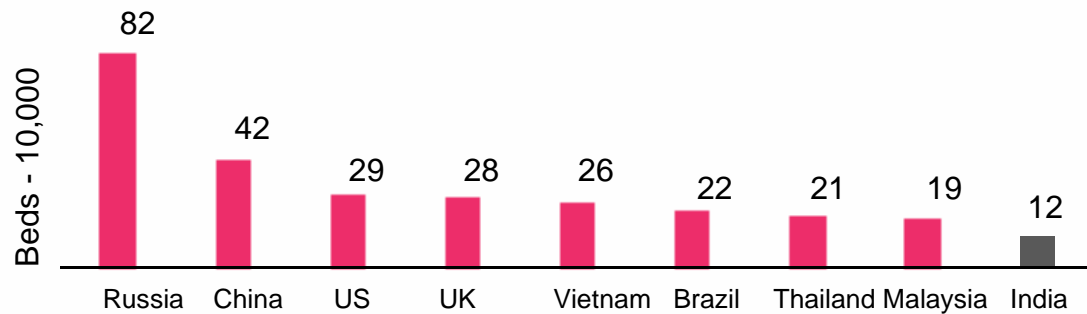
## Opportunity For Growth

- Hospitals are the bedrock of medical infrastructure
- Given the large population and lack of quality medical care, the hospital sector offers significant headroom for long term growth
- The Covid pandemic has re-emphasized the urgent need in the country

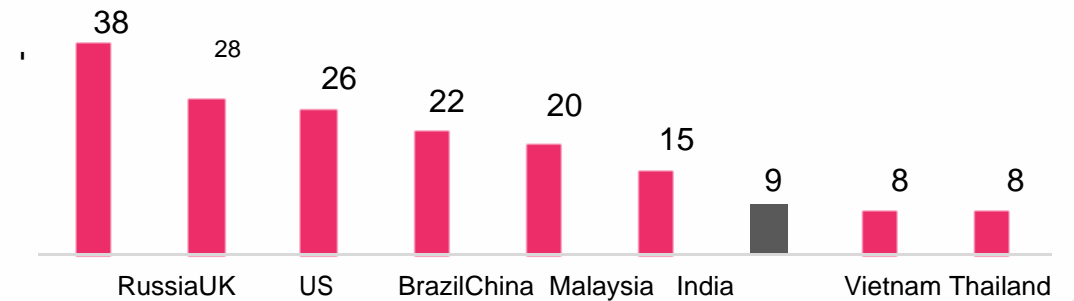
### Indians pay for medical expenses from their own pockets (%)



### Hospital Infrastructure Insufficient



### Need for Medical Professionals



Source: CRISIL, Axis MF Research

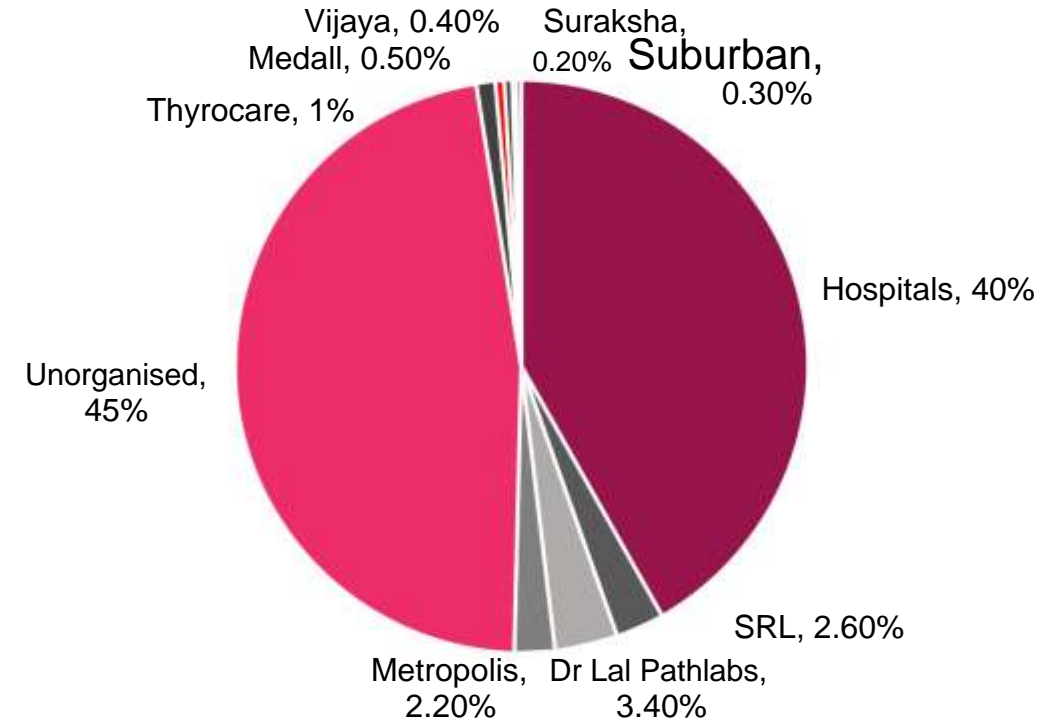
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# Diagnosics

Fragmented market space, need for deeper BHARAT penetration

## Market shares of large players low in diagnostics

- Dedicated organized diagnostic players currently account for less than 15% of the overall pathology industry
- High ROE & free cash flow generating businesses characterized by asset light business models
- The sub-sector offers significant levers for growth and is ideally poised to gain traction from the Covid pandemic on account of
  - Wider acceptance of testing services outside hospitals
  - Likely consolidation of industry by larger players
  - Sector concentrated in urban areas, deeper push into tier 3 / tier 4 cities as well as rural heartland likely to trigger next leg of growth
- The listed segment of the sub sector is likely to get larger as companies progress towards a capital markets listing

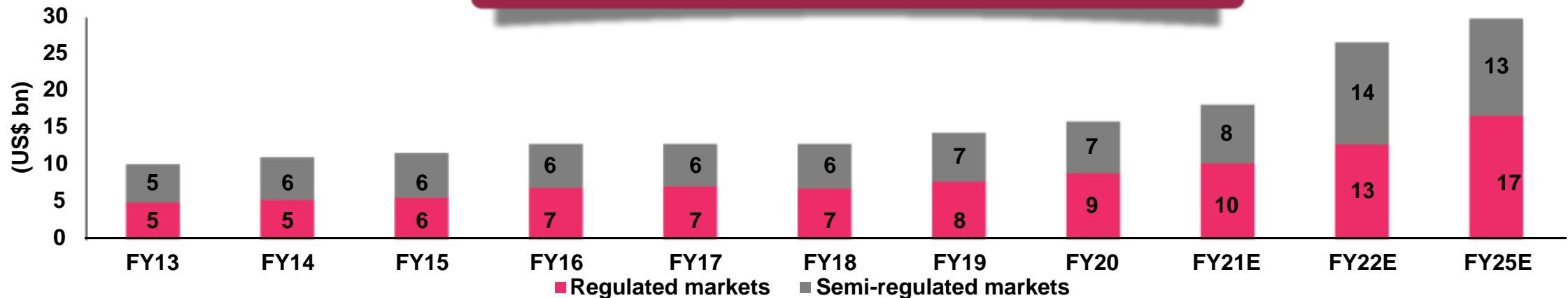


# India – The Drug Manufacturer

High quality manufacturing base catering to global demand for generic drugs & Vaccines

- As global pharma companies look to diversify their supply chains from China, post pandemic, Indian companies are ideally suited to serve as an alternative to China to meet global needs
- India has the largest number of US FDA compliant manufacturing facilities outside the US
- Domestic manufacturers are also actively identifying solutions to substitute imported raw materials from China to protect against geo-political risks.
- Covid -19 has been a litmus test for Indian manufacturing, proving capabilities for cost effective medicines & vaccines with critical scale

## Formulation Export trend from India



Source: Axis MF Research. Data as of 31<sup>st</sup> March 2021. E- ICI Sec Estimates

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# Incentives For Manufacturing

Domestic PLI aims to further incentivize domestic manufacturing

- The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector.
- The scheme aims to create global champions out of India who have the potential to grow in size and scale using cutting edge technology and thereby penetrate global value chains.
- Scheme categorizes incentives into 3 buckets depending on the size of investment and manufacturing opportunity

PLI Scheme for Healthcare Sector		Incentive Package	Minimum Investment over 5 Years
Group A	GMR in FY20 of >5,000crs	Rs 11,000 Cr	Rs 1,000 Cr
Group B	GMR in FY20 of >500crs and <5,000crs	Rs 2,250 Cr	Rs 250 Cr
Group C	GMR in FY20 of <500crs	Rs 1,750 Cr	Rs 50 Cr
<b>Total Incentive</b>		<b>Rs 15,000 Cr</b>	

GMR – Global manufacturing revenue

Source: Department of Pharmaceuticals, ICICI Securities, Axis MF Research.

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# Clinical Research & R&D

India a key component of the global healthcare R&D ecosphere

**01**

Historically, Indian drug manufacturers have been large players in the generic drugs segment and have developed sizable capabilities in reverse engineering drugs whose patents are near expiry

**02**

Indian pharma companies are targeting higher margin complex generics where competition is significantly lower.

**03**

Domestic pharma companies on average spend ~6% of sales on R&D and hence are ideally suited to capture the next leg of growth through higher margin products



Source: Axis MF Research.

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# To Summarize

Indian Healthcare has significant long term tailwinds for growth



## Hospitals – Fixing the Infrastructure Logjam

- Improving access to primary and secondary medical care a key focus of the government. The union budget has highlighted this.
- Significant scope for expansion especially in smaller towns & cities given the lack of quality medical care in many regions
- Availability of trained medical professionals, a key impediment



## Diagnostics – Wider Acceptance, Improving Reach

- Fragmented sub industry primed for consolidation
- High ROE & cash generating asset light businesses.
- Wider acceptance of testing services outside hospitals



## Drug Manufacturing – Building on global goodwill & Mass Manufacturing capabilities

- Large globally compliant manufacturing facilities.
- Rapid production to market of Covid vaccine, proved manufacturing capability
- PLI scheme likely to set the ground work for creating domestic manufacturing champions



## Clinical Research & R&D – Skilled workforce and proven track record

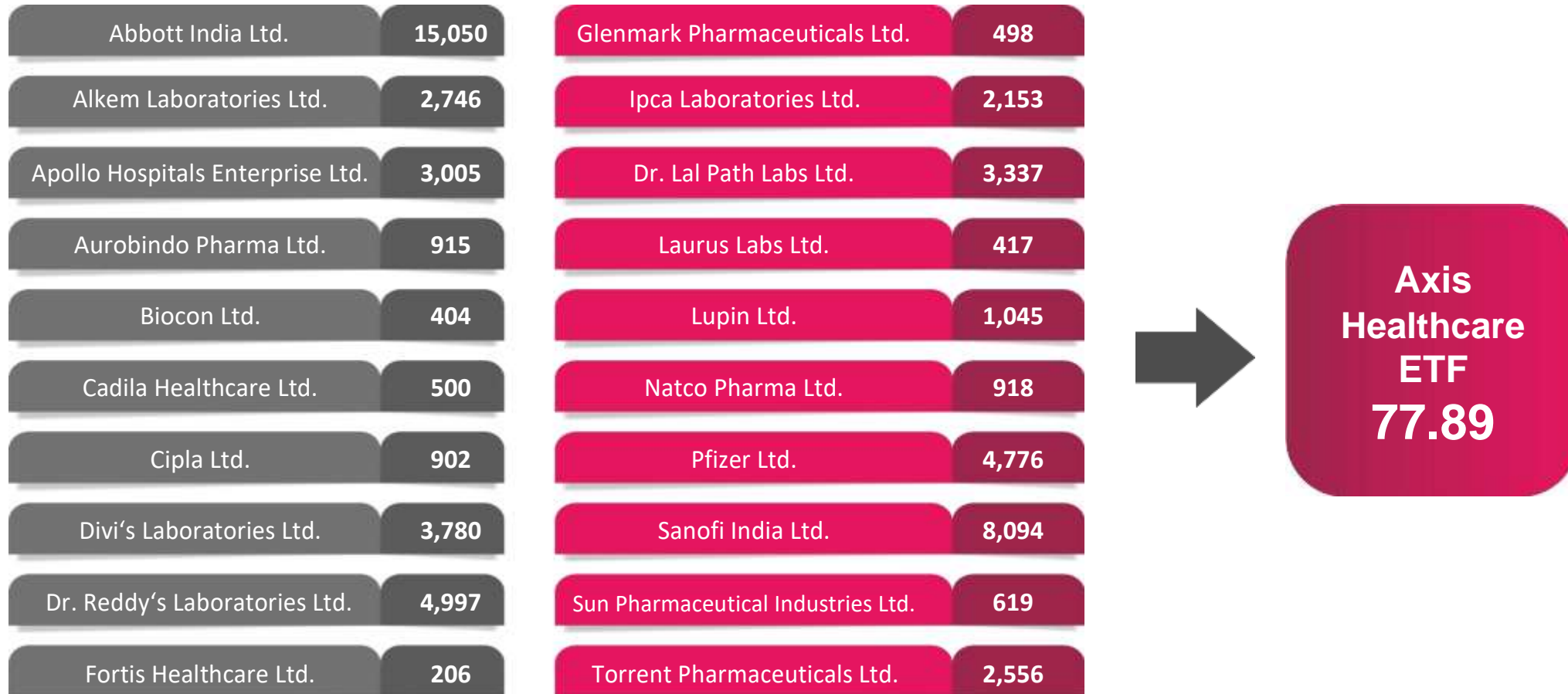
- Large skilled workforce
- Continued spend on R&D keeps edge over other low cost manufacturing hubs
- Domestic pharma companies are targeting the next leg of growth by capturing the demand for more complex generic products

# Introducing Axis Healthcare ETF



# Axis Healthcare ETF

Take exposure to the Healthcare sector in a neatly packed bite sized exchange traded fund



Source; NSE, Axis MF Research

Stock prices taken as of close on 12<sup>th</sup> April 2021. Axis Healthcare ETF unit value will correspond to roughly 1/100th value of NIFTY Healthcare Index. Value of NIFTY Healthcare Index as on close of April 12<sup>th</sup> 2021 was Rs 7,789. Price of Axis Healthcare ETF mentioned above is for illustrative purposes only. Allotment price and subsequent price upon listing may vary from illustrative price. Prices rounded off to nearest whole number.

# About NIFTY Healthcare Index



India's Healthcare industry has achieved global recognition on account of its capabilities and strong knowledge base



The healthcare sector is at the cusp of building its domestic footprint after capturing significant economic interest and credibility in overseas markets



NIFTY Healthcare Index comprises of the 20 largest healthcare oriented companies by free float market capitalization.

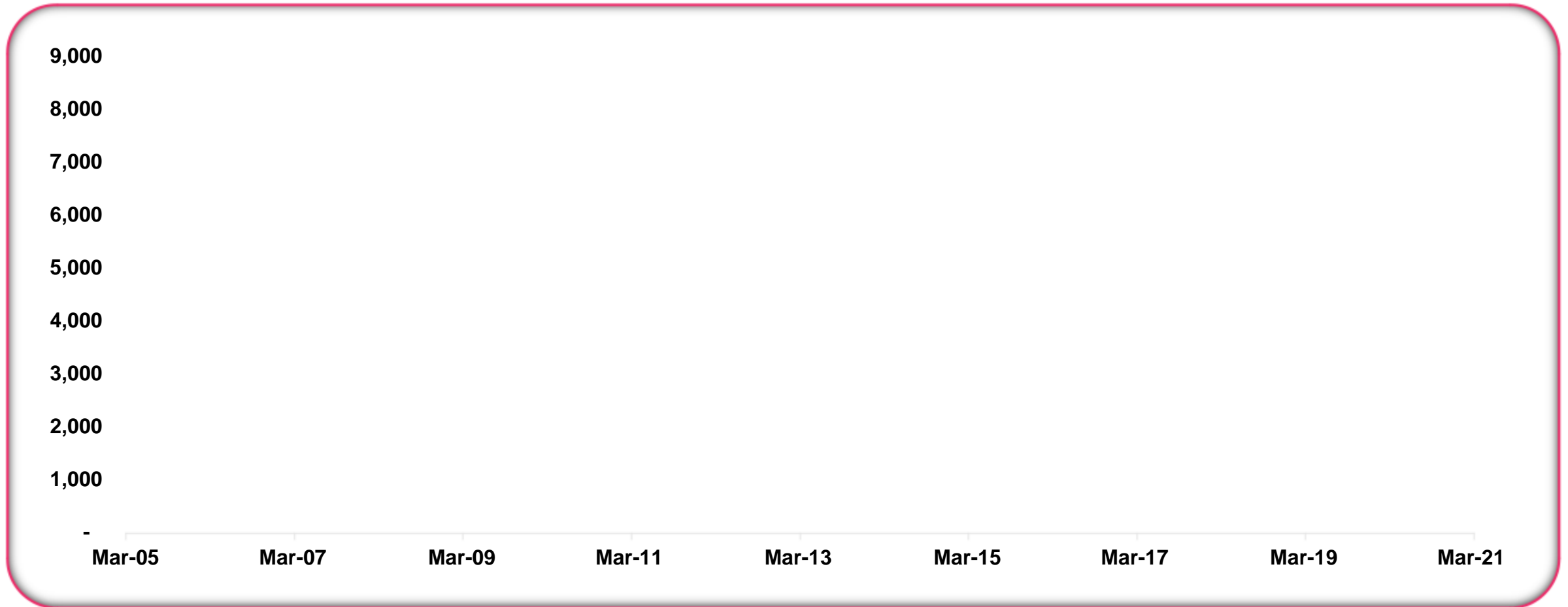
## Parameters

## Index

Index Inception Date	18-Nov-20
Base Date	01-Apr-05
Dividend Yield	0.75%
Number of Stocks	20
<hr/>	
Top Stock Weight (%)	15.70%
Top 3 Stocks Weight (%)	39.59%
Top 5 Stocks Weight (%)	55.51%
<hr/>	
Correlation (NIFTY 50)	0.67
Beta (Nifty 50)	0.57

# Performance

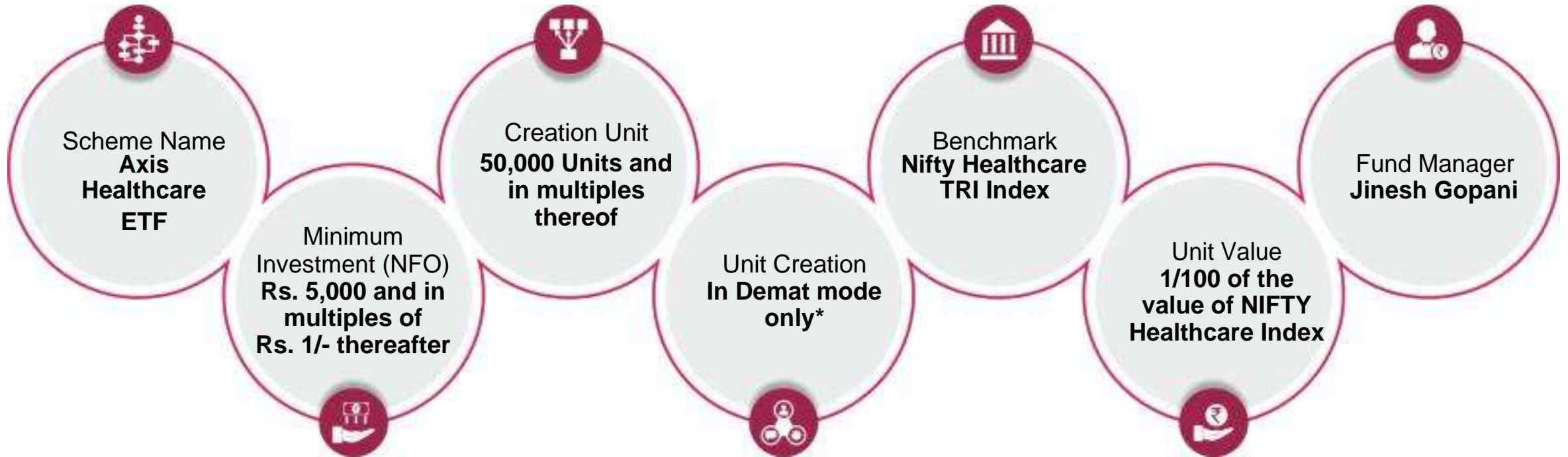
NIFTY Healthcare Index has been a Long Term Wealth Creator



**Past performance may or may not be sustained in the future.** Values normalized to 1000 as on April 1<sup>st</sup> 2005.  
Data as of 31<sup>st</sup> March 2021.

# Axis Healthcare ETF

An Open Ended Exchange Traded Fund tracking NIFTY Healthcare Index



\*Units of the Scheme will be available in Dematerialized (electronic) form only. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate it in the application form.

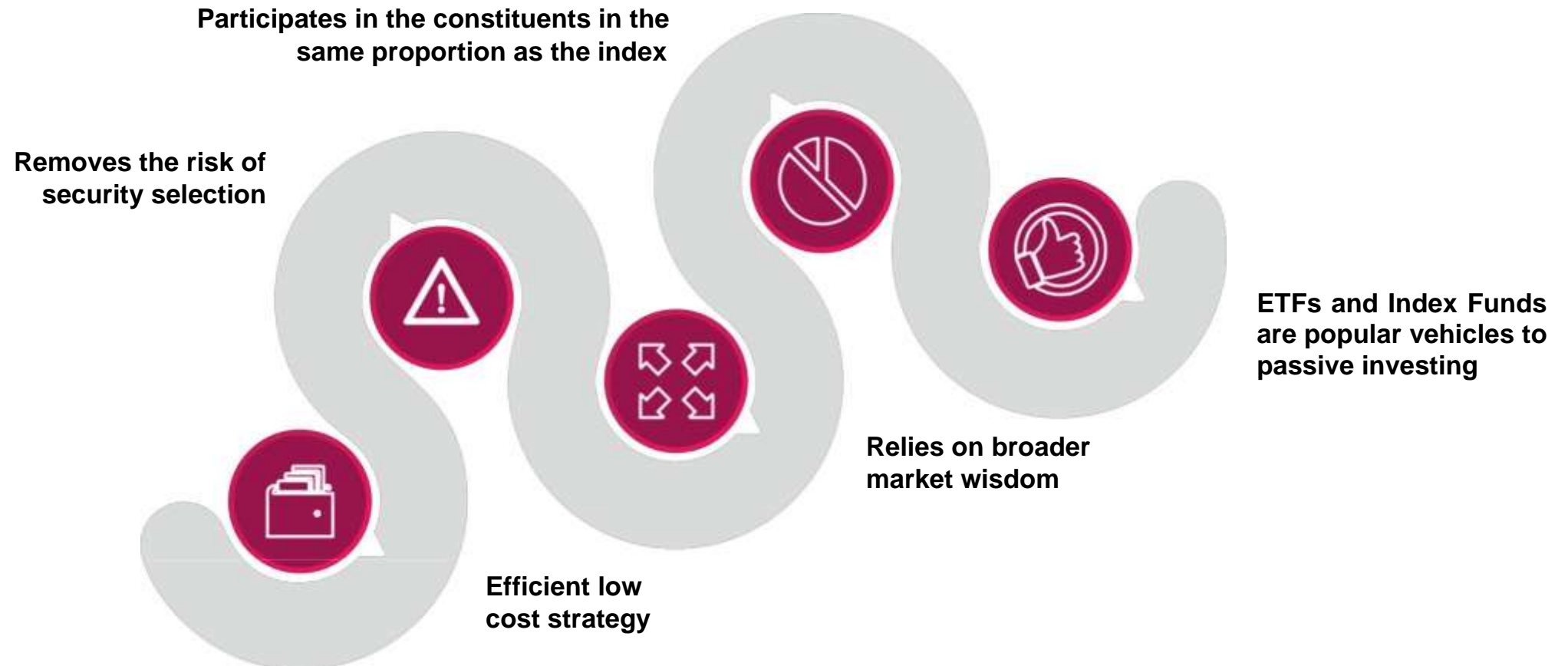
# Passive Investing With Axis MF





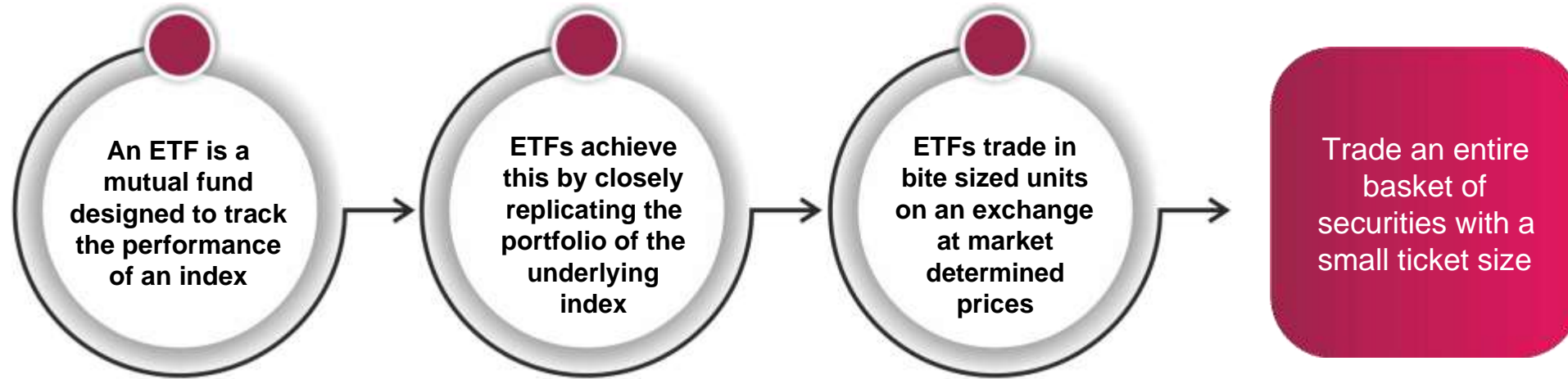
# Introduction to Passive Investing

Passive Investing is a low friction investment strategy tracking a specific index as closely as possible



# What is an ETF?

## The Basics



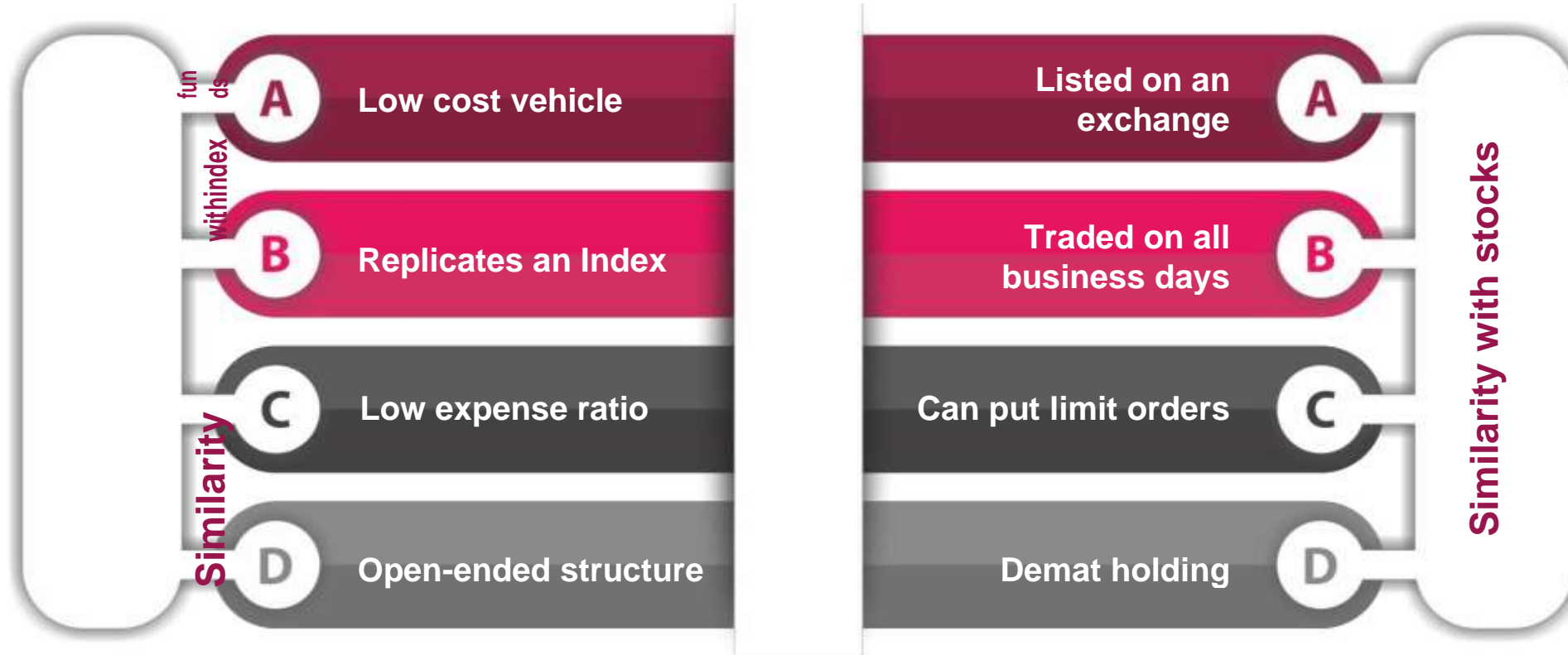
Key Differences	ETFs	Active Mutual Funds
What's on Offer?	Track an Index	Portfolio aimed to beat broad market indices
Trading Frequency	Actively traded on an exchange	Trade once a day on NAV Prices
Style of Management	Passive	Active
Costs	Less Expensive	More Expensive

\*Actively managed equity funds do not include index funds  
 Like Actively managed equity funds, ETFs carry price risks. In view of the individual circumstances and risk profile, each investor is advised to consult his / her professional advisor before making a decision to invest.

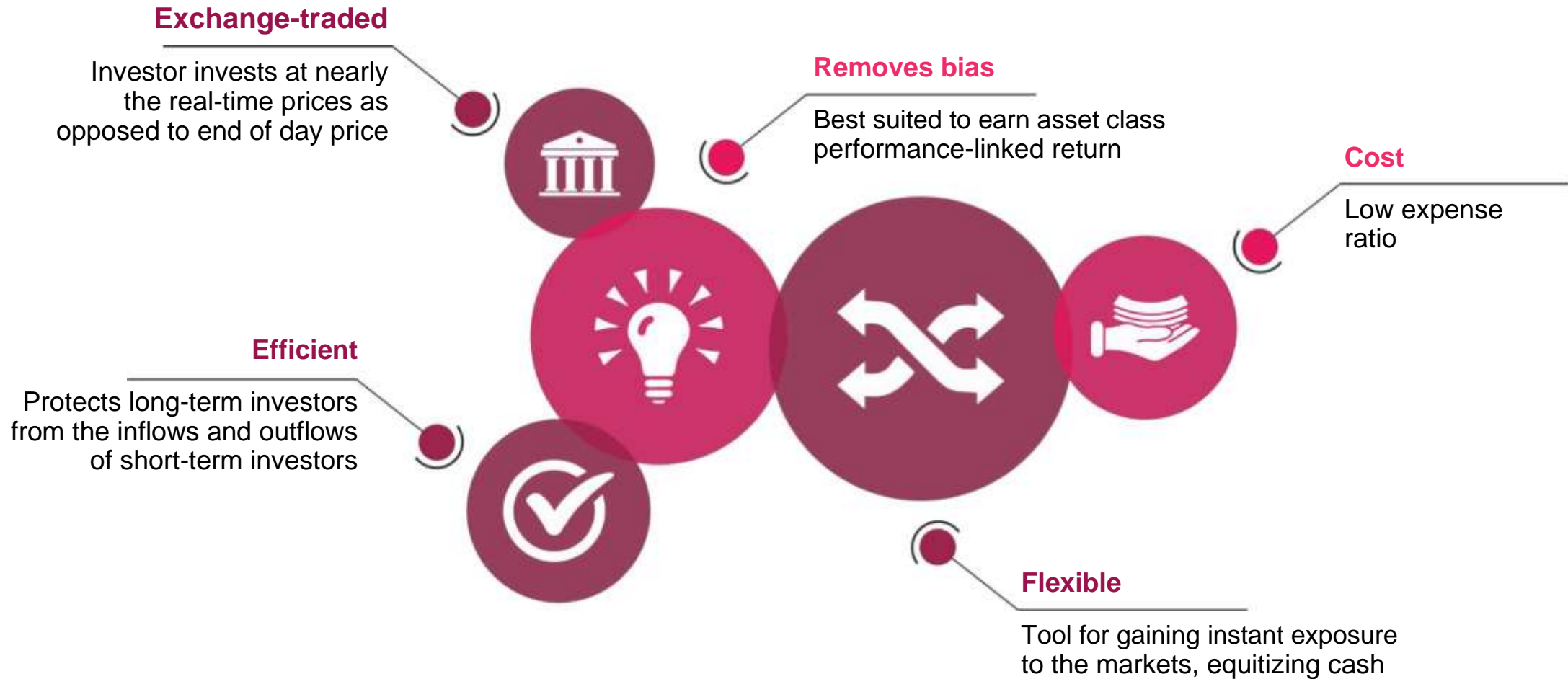
# ETF Investing

The best of both worlds

**Combines benefits of index based investing with stock listing**

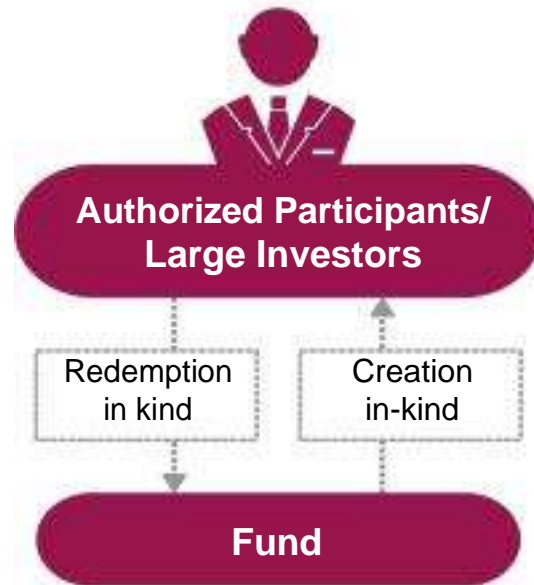


# Benefits of ETFs

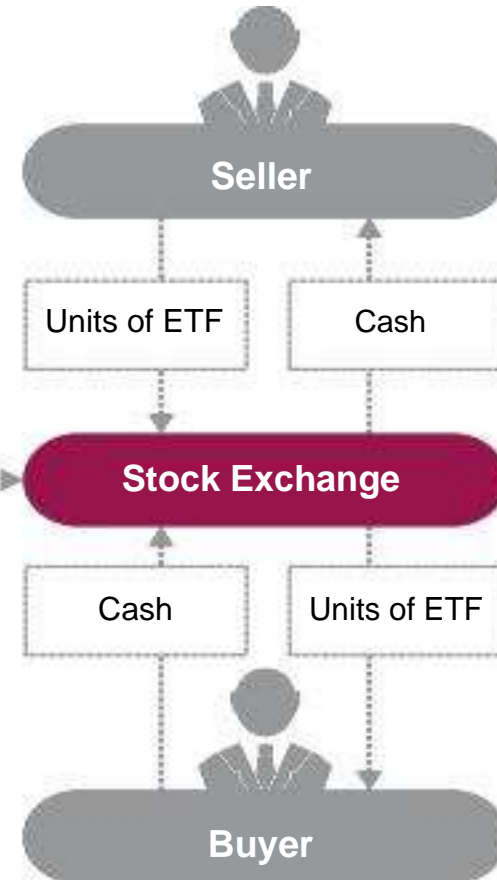


# The ETF Mechanism

## Primary Market



## Secondary Market



**Market Making**  
**Buy/Sell**

The process outlined will be in effect once the fund reopens post the NFO launch. During the NFO investors may subscribe through all physical channels and through distribution agents of Axis Mutual Fund and at ISCs.

# Sector Investing

## ETF v/s Sector Funds

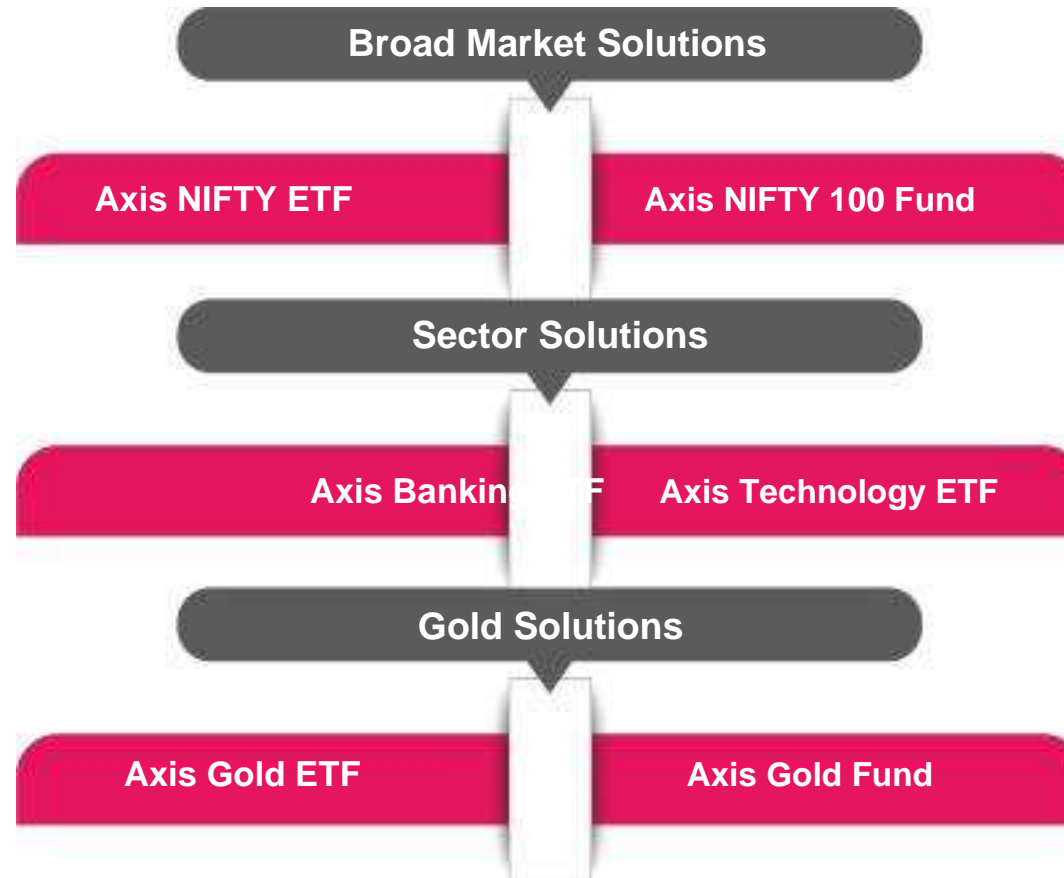
Sector ETFs	Differences	Sector Funds
Systematic allocation to a basket of stocks within the sector	<b>Investing Strategy</b>	Limited active call on portfolio stocks within a sector
No Limits	<b>Limits to Investing</b>	Sector funds subject to 20/25 rule*
Nil	<b>Exit Load</b>	Applicable
Available	<b>Intra day trading</b>	Not Available
On demand trading through exchange	<b>Tradability</b>	Transact with the mutual fund
Low cost products	<b>Costs</b>	Higher costs products

**Current sector universe may add limited scope to active management and hence a sector ETFs can add value at low cost**

\*Mutual funds are required to have at least 20 investors and a maximum of 25% of fund corpus from a single investor.

# Axis MF Product Basket



Growing Range of Index Based Solutions



Note: Investors will be bearing the recurring expenses of the scheme, in addition to the expenses of the schemes, in which Fund of Funds schemes make investments.



# Product Labelling

Fund Name	Riskometer	Product Labelling
<b>Axis Gold ETF</b> (An open ended scheme replicating/tracking Domestic Price of Gold)	 <p>Investors understand that their principal will be at moderately high risk</p>	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Capital appreciation over medium to long term</li> <li>• Investment predominantly in gold in order to generate returns similar to the performance of gold, subject to tracking error</li> </ul>
<b>Axis Gold Fund</b> (An open ended fund of fund scheme investing in Axis Gold ETF)		This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Capital appreciation over medium to long term</li> <li>• Investment predominantly in Axis Gold ETF in order to generate returns similar to the underlying fund, subject to tracking error</li> </ul>
<b>Axis Nifty ETF</b> (An open ended Scheme replicating/ tracking Nifty 50 Index)	 <p>Investors understand that their principal will be at very high risk</p>	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Capital appreciation over medium to long term</li> <li>• Investments in Equity &amp; Equity related instruments covered by Nifty 50 Index</li> </ul>
<b>Axis NIFTY 100 Index Fund</b> (An Open Ended Index Fund tracking the NIFTY 100 Index)		This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• An index fund that seeks to track returns by investing in a basket of Nifty 100 Index stocks and aims to achieve returns of the stated index, subject to tracking error.</li> </ul>
<b>Axis Banking ETF</b> (An Open Ended scheme replicating / tracking NIFTY Bank Index)		This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• An index fund that seeks to track returns by investing in a basket of NIFTY Bank Index stocks and aims to achieve returns of the stated index, subject to tracking error</li> </ul>
<b>Axis Technology ETF</b> An Open Ended Exchange Traded Fund tracking NIFTY IT Index		This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• An index fund that seeks to track returns by investing in a basket of NIFTY IT Index stocks and aims to achieve returns of the stated index, subject to tracking error</li> </ul>

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

# Statutory Details and Risk Factors

**Past performance may or may not be sustained in the future.**

Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

Axis Healthcare ETF offered by Axis Mutual Fund is not sponsored, endorsed, sold or promoted by NSE INDICES LIMITED (formerly known as India Index Services & Products Limited (IISL)). NSE INDICES LIMITED does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of Axis Healthcare ETF or any member of the public regarding the advisability of investing in securities generally or in the Axis Healthcare ETF linked to the NIFTY Healthcare Index or particularly in the ability of the NIFTY Healthcare Index to track general stock market performance in India. Please read the full Disclaimers in relation to the NIFTY Healthcare Index in the in the Offer Document / Prospectus / Information Statement.

**Statutory Details:** Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs 1 Lakh).

Trustee: Axis Mutual Fund Trustee Ltd.

**Investment Manager:** Axis Asset Management Co. Ltd. (the AMC).

**Risk Factors:** Axis Bank Limited is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. This document represents the views of Axis Asset Management Co. Ltd. and must not be taken as the basis for an investment decision. Neither Axis Mutual Fund, Axis Mutual Fund Trustee Limited nor Axis Asset Management Company Limited, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. The AMC reserves the right to make modifications and alterations to this statement as may be required from time to time.

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

**Thank You**