



**BUY RIGHT
SIT TIGHT**

Motilal Oswal Large & Midcap Fund Today's and Tomorrow's Leaders in one fund

January 2021

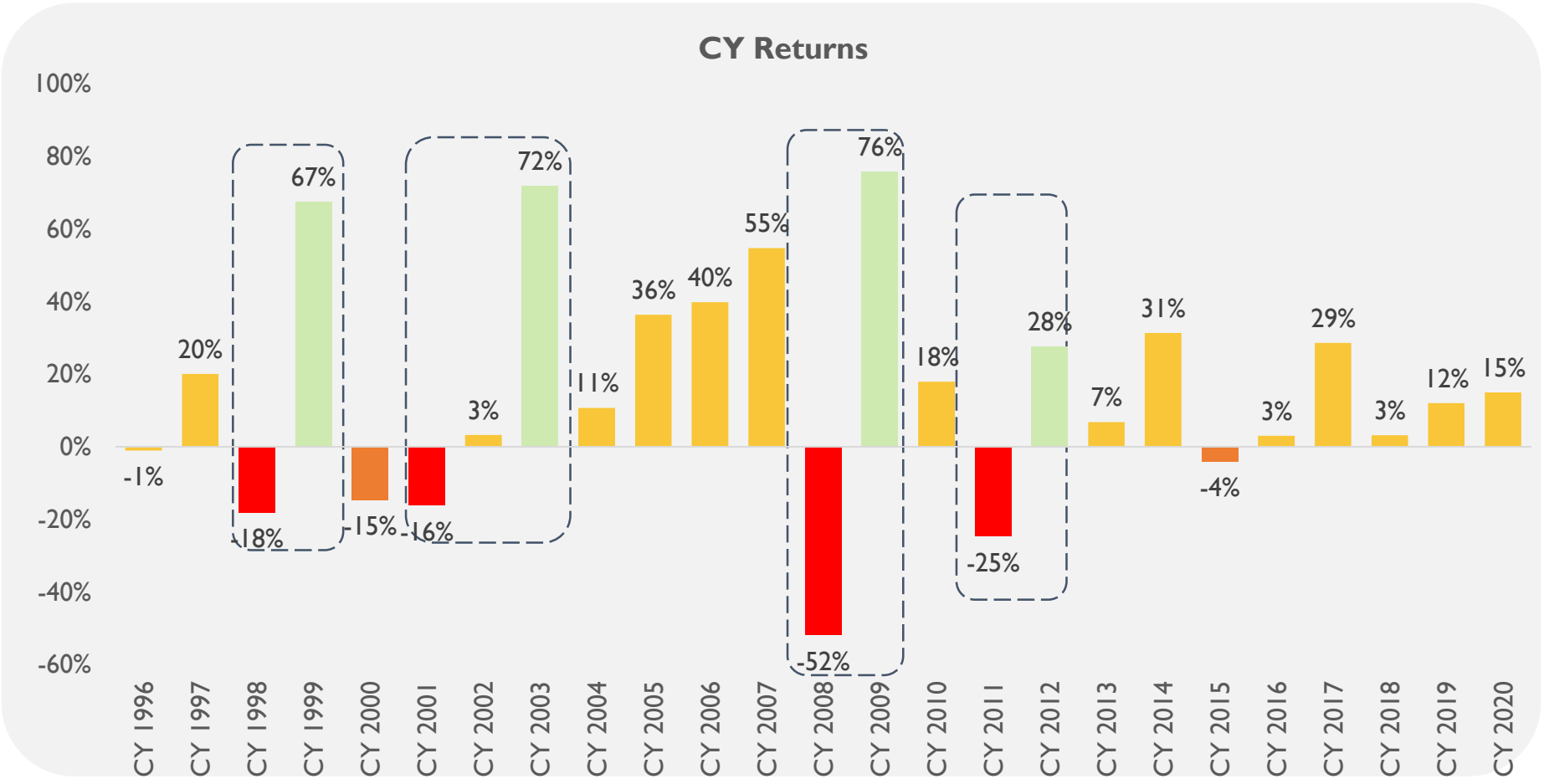
THINK EQUITY. THINK MOTILAL OSWAL.

What happens after a crisis?

Top three trends which follow a crisis



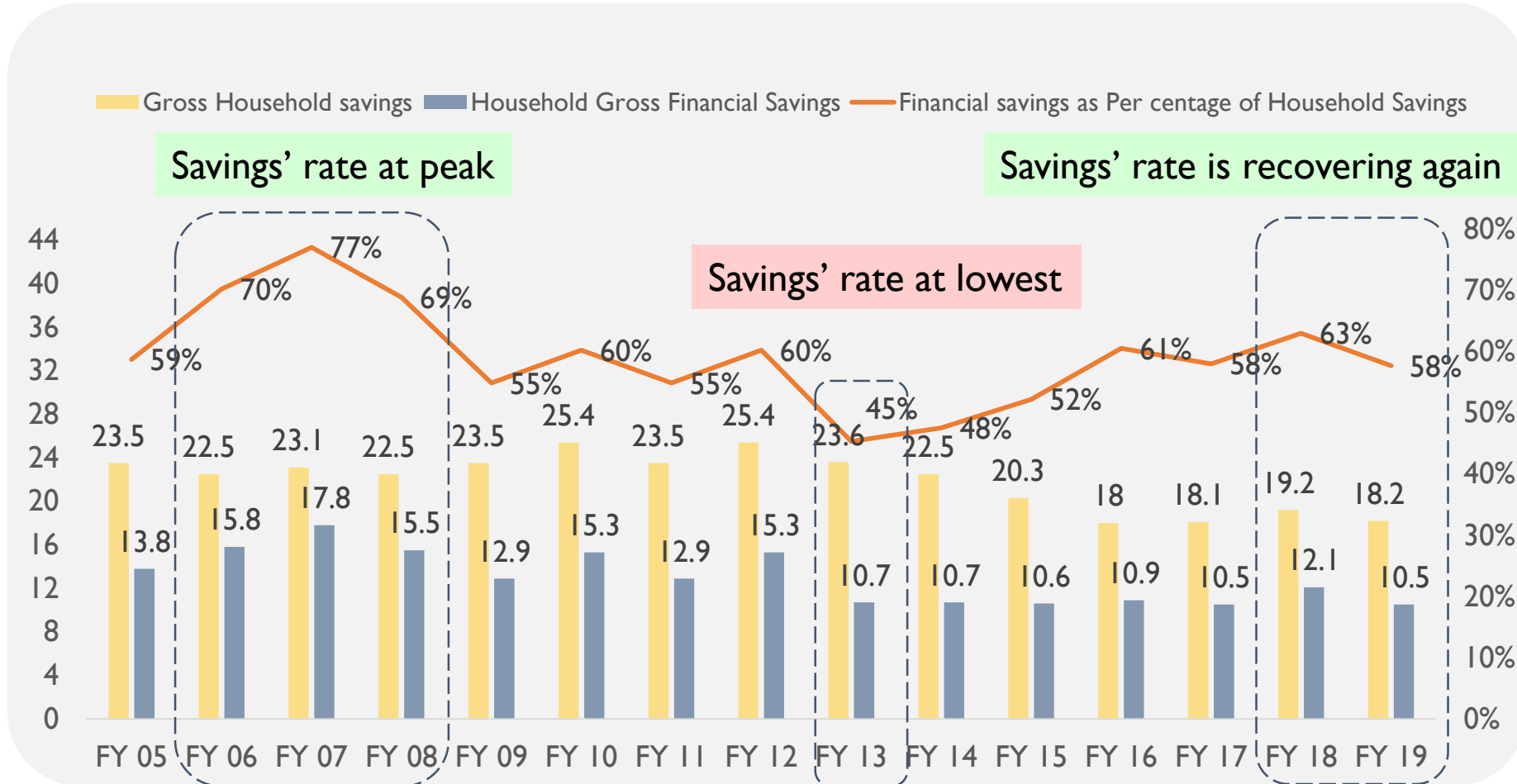
The year after the crisis is followed by sharp recovery



- Crisis is always followed by sharp period of recovery**

Data since November 30, 1995 till December 31, 2020. Total 25 observations
 Source: Internal MOAMC Research. Disclaimer: The above graph is an actual performance of Nifty 50 Index The above is for representation purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

2. Change in savings and investment trends



- It is moving assets from real assets to financial assets
- Household savings seeing increase in share of financial assets (currently ~60%)

Source: ICICI Securities and MOFSL Research

Disclaimer: The above Graph is used for illustration purpose only and should not be used for development or implementation of an investment strategy

3.

Leaders become even stronger

November, 2016



Demonetization

September, 2018



IL&FS

September, 2019



Corporate Tax Cuts

March, 2020



COVID

Significant economic events, positive or negative, favour market leaders and leads to consolidation

What does consolidation mean for an company?

Reduced competitive intensity



Higher market share

Increased revenue



Superior pricing power

Increased profitability

Introducing Motilal Oswal Large & Midcap Fund

Leaders of Today and Tomorrow in one fund

THINK EQUITY
THINK MOTILAL OSWAL

MOTILAL OSWAL
ASSET MANAGEMENT

BUY RIGHT
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Why invest in Large caps leaders? – Quality with relative stability and resilience

Relative stability

- Relatively stable due to large size and longer history compared to the broader markets
- Broad based ownership also ensures lesser volatility

Resilience

- Larger Balance sheet &
- Survival through different market cycles make large caps resilient

Quality of Management

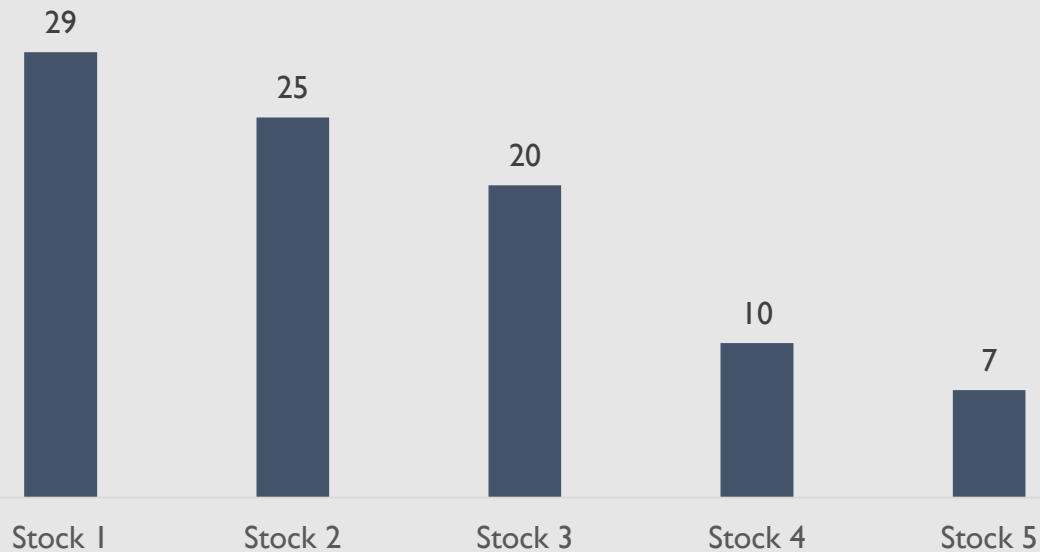
- Experienced management teams
- Quality of board
- Better standards of governance/disclosures

Why invest in Large caps leaders?– Room for Growth

Indian Large caps have a lot of room for growth

Market cap of Top 5 International companies

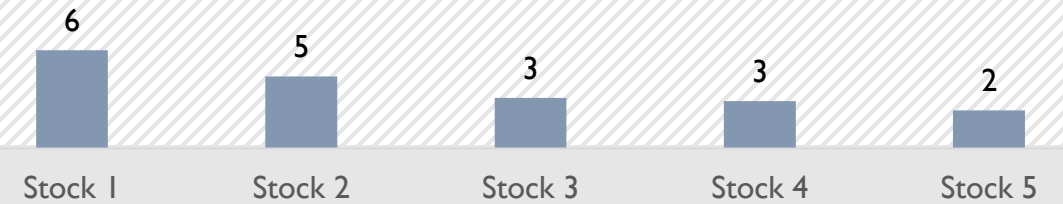
Market cap in Lakh Crs (INR)



Market cap of Top 5 Indian companies

Market cap in Lakh Crs (INR)

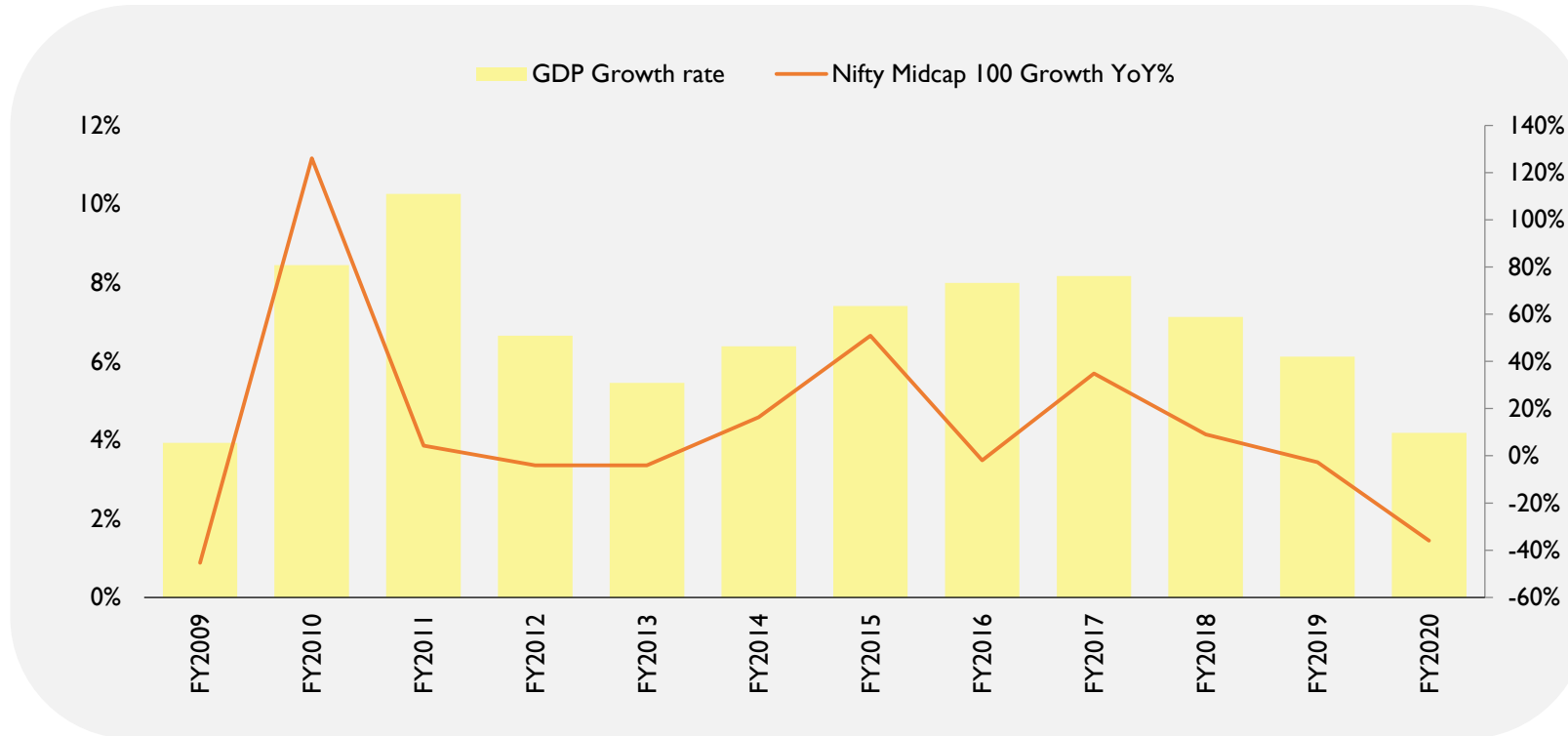
Indian Large caps: Area for growth



Source: Internal MOAMC Research.

Disclaimer: The above graph is actual market cap of the stated companies in INR lakh crores. This data should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Why invest in Mid caps Leaders? – Outperformance in high growth environment



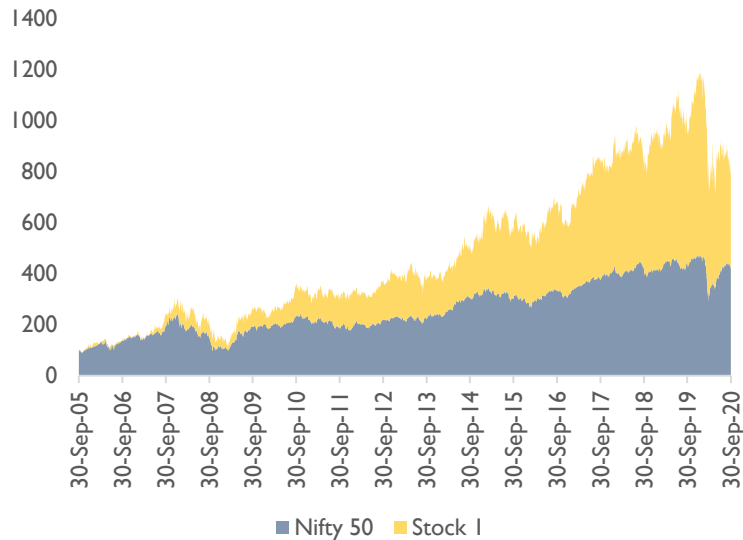
Nifty Midcap 100 has a ~60% correlation with GDP growth

- Midcaps tend to outperform in high growth environments and lags behind in low growth environments

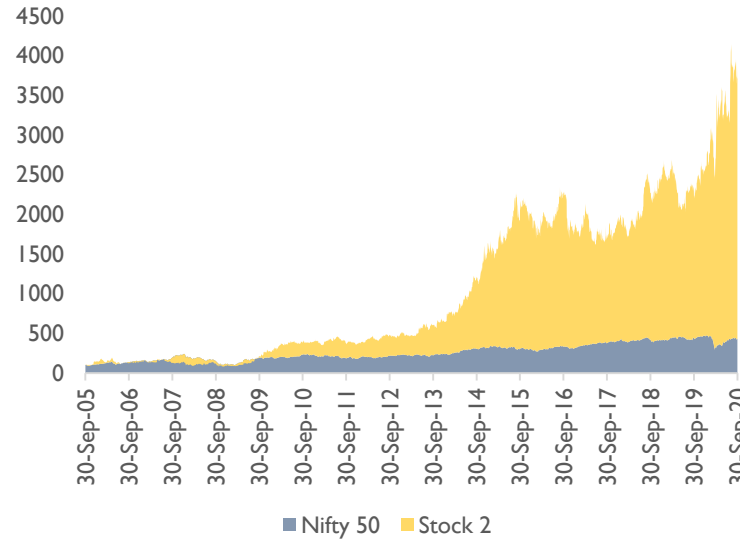
Source: Bloomberg. Data as on 31st March 2020

Disclaimer: The above information should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

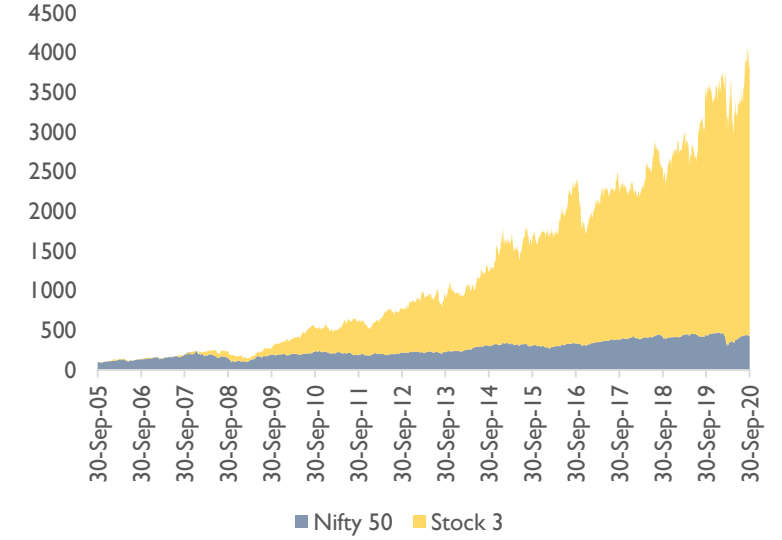
Why invest in Mid caps Leaders? – Growth potential



Sector: Financials



Sector: Healthcare



Sector: Consumers

- Midcaps of yesterday and large caps of today

Source: MOAMC Internal Research. Data as on 30th September 2020. The above data represents individual stock returns for past 15 years as compared to Nifty 50 and rebased to 100.

Disclaimer: The above information should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Why invest in Large & Mid cap? – A perfect mix of growth with lower volatility

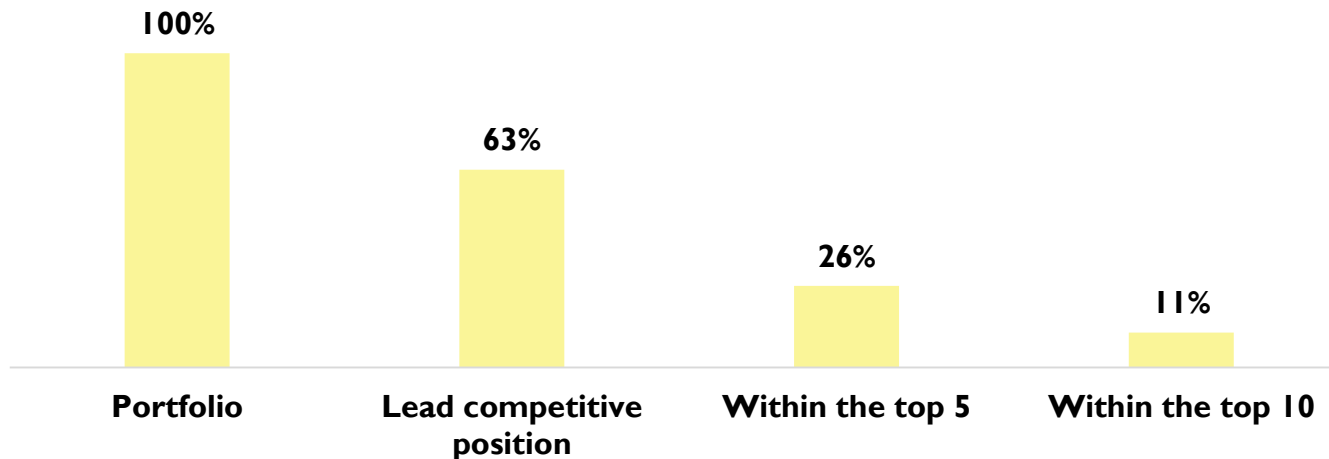
	Nifty 100	Nifty Large Midcap 250	Nifty Midcap 150
Minimum	-6.5%	-12.0%	-17.2%
Maximum	30.9%	34.3%	39.6%
Average	10.9%	11.8%	13.0%
Standard Deviation	17.3%	16.9%	17.7%

Source: MOAMC Internal Research. Data as on 30th September 2020. The above data represents 3 year rolling returns since 30th September 2010. Standard Deviation represents 10 year annualized data
 Disclaimer: The above information should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Survivors in a tough cycle = Winners of tomorrow

Competitive positioning of portfolio companies

2/3rds of the portfolio consists of market leaders in their respective segment

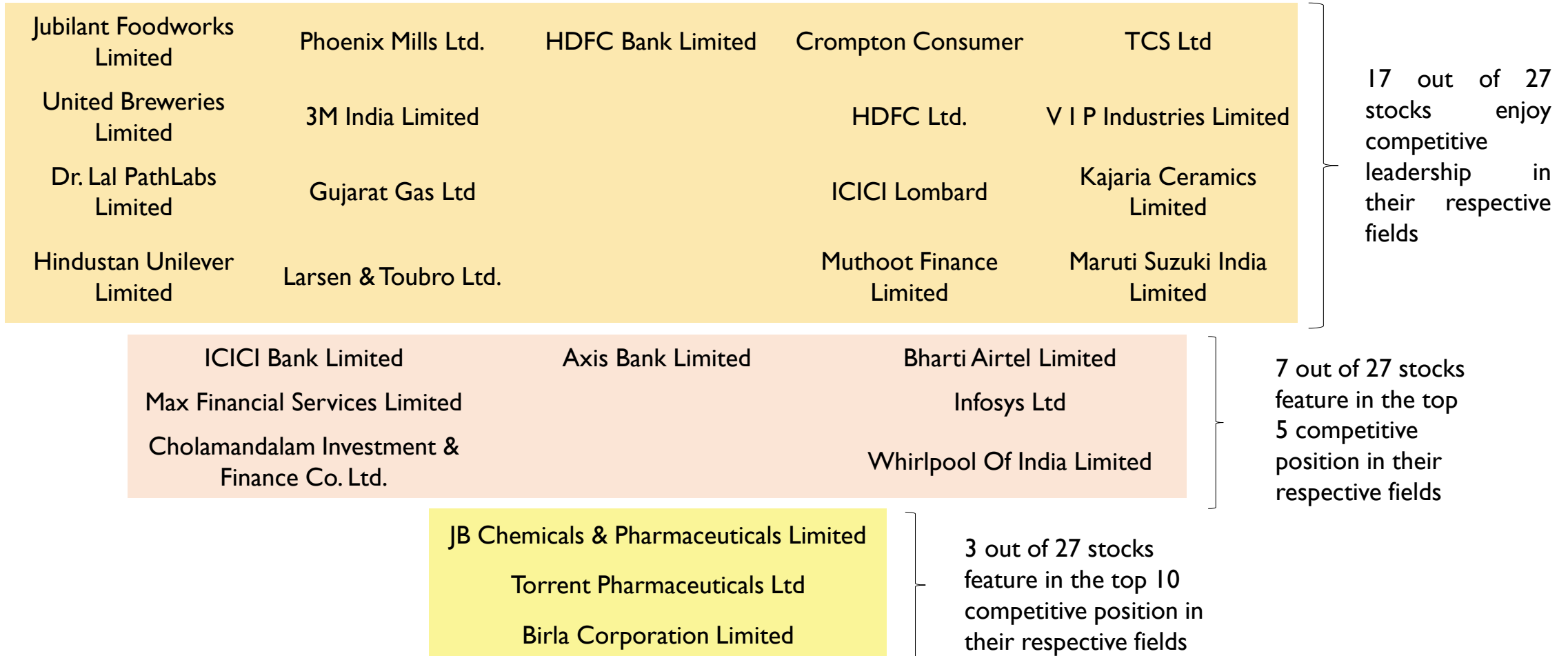


- Focused on investing in industry leaders, positioned to benefit from market consolidation
- Identifying companies with competitive advantages that can enable sustained profitability

A portfolio well positioned to identify market leaders across market capitalization and sector.

The leader 'full' portfolio – concentrated among market leaders

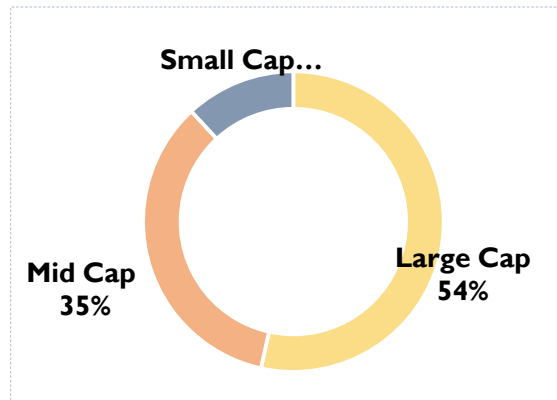
Identifying market leaders across sectors and market capitalization



Deconstructing a portfolio of leaders

High concentration – high conviction portfolio of 27 companies

Market Cap Mix



QGLP exemplified

Quality

FY20 ROE of 20%*, FY22E RoE of 20%

Growth

24% EPS Growth FY20-22*

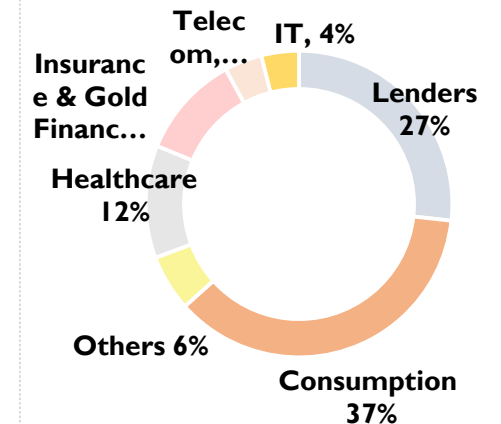
Longevity

High

Price

PE: 26.5x FY22, PEG: 1.2x*

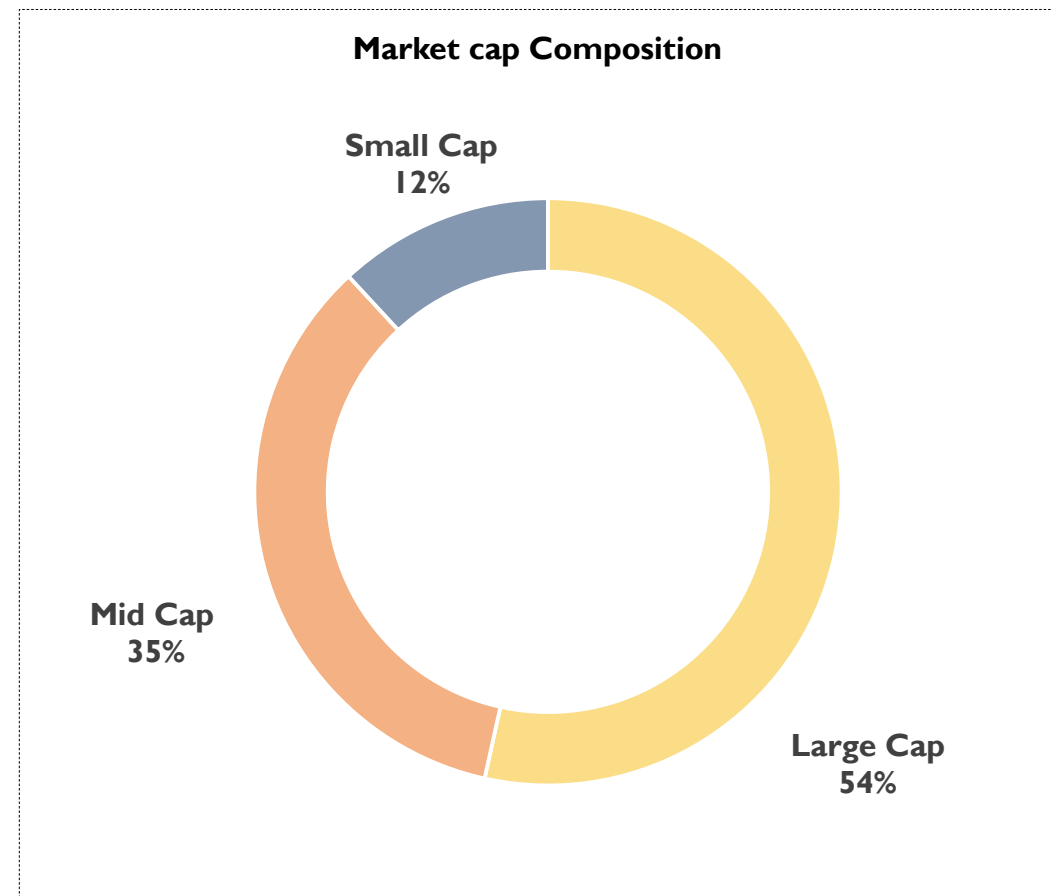
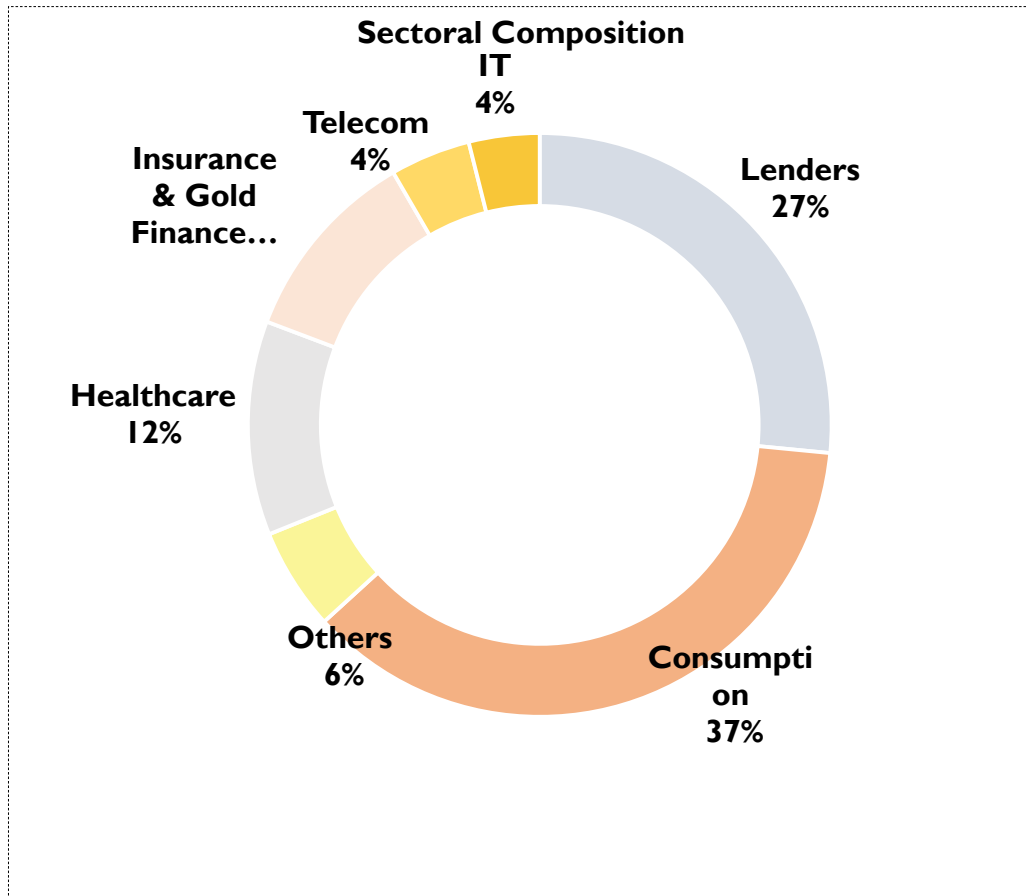
Sector Mix



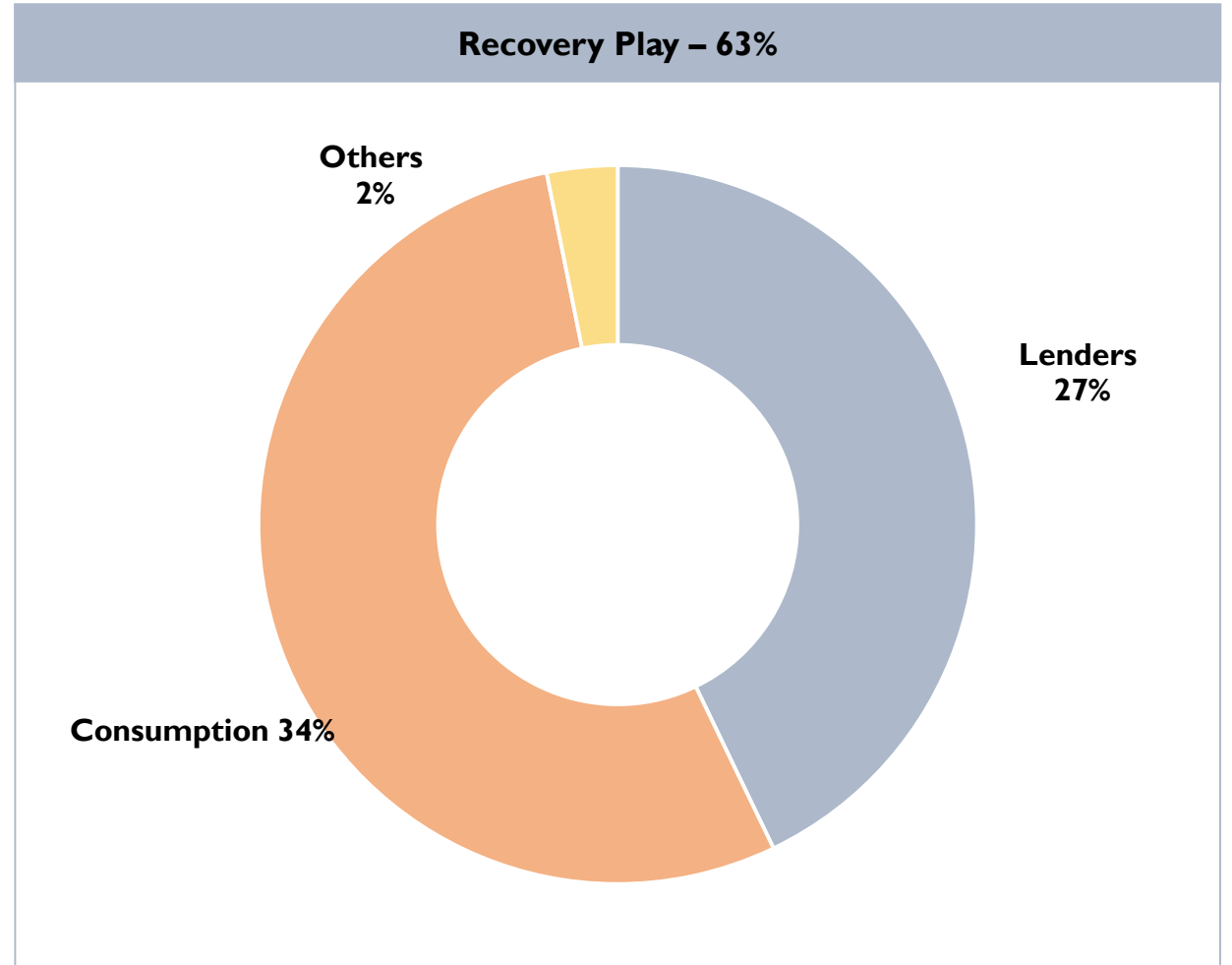
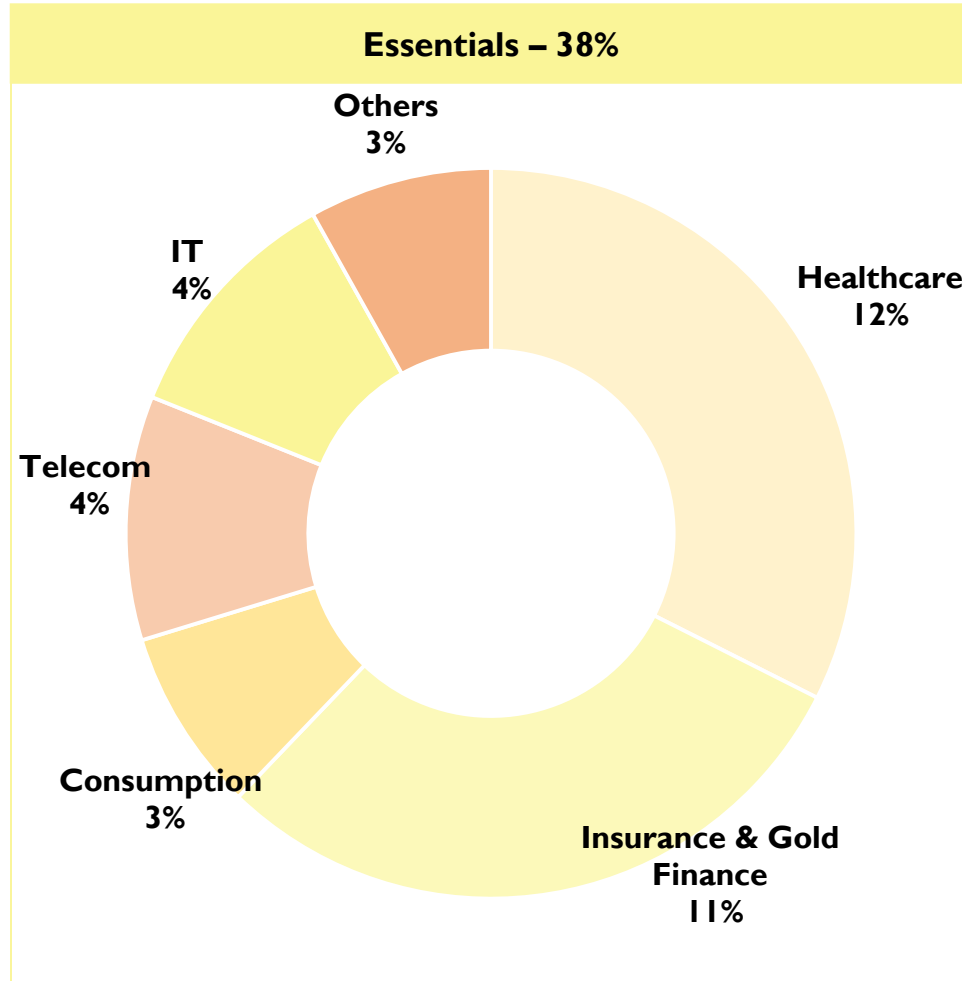
* MOAMC Internal Research

A portfolio allocated across long term, structural growth plays

Allocated across large, mid and small cap stocks



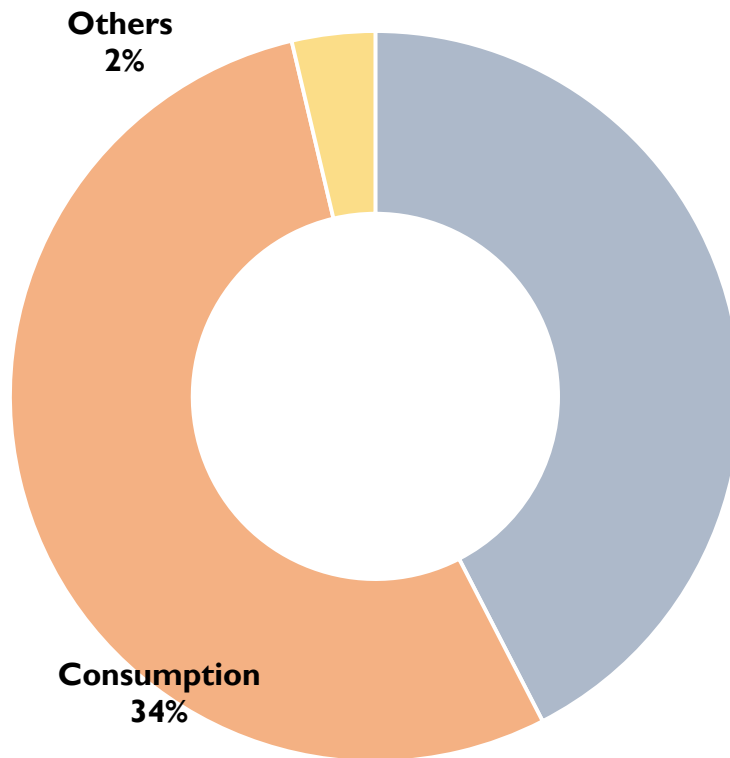
And heavily weighted on economic recovery plays



63% of the portfolio is allocated towards beneficiaries of economic recovery

Others	3M India Limited	2%

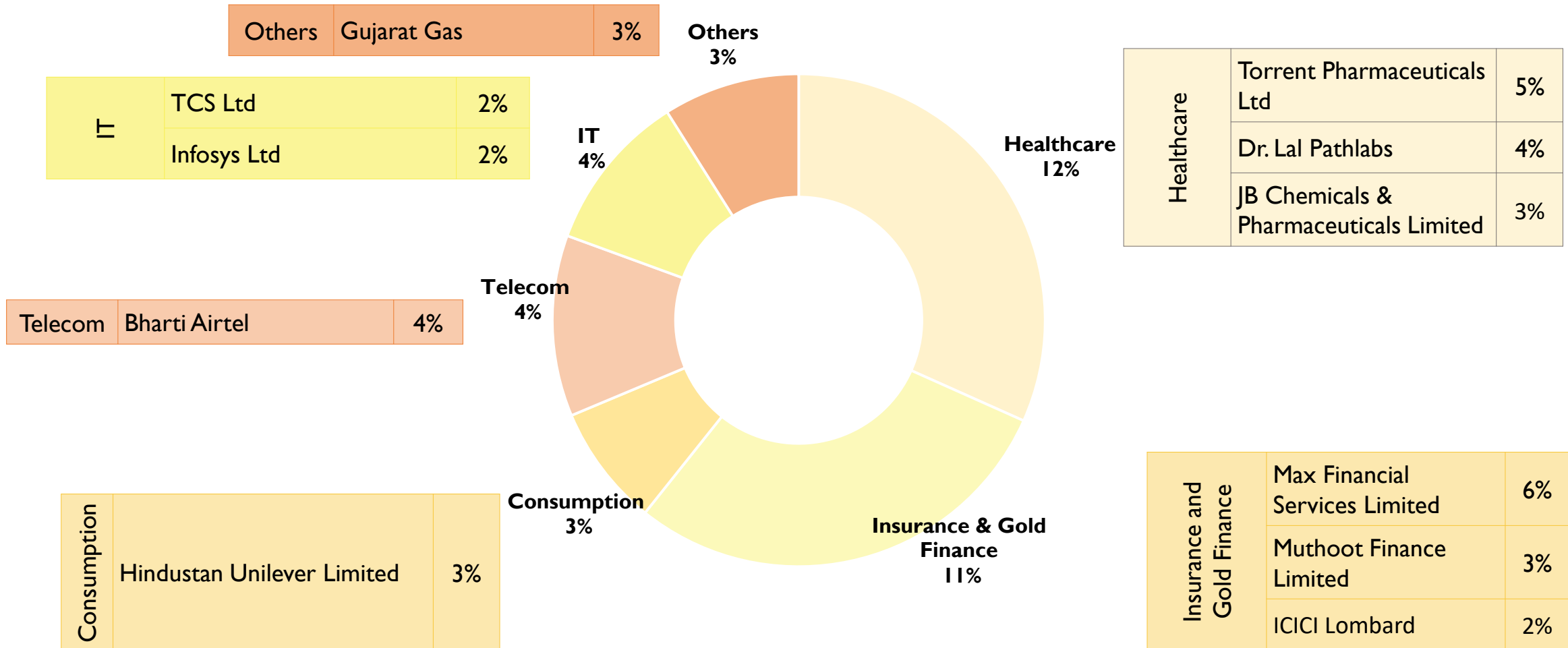
Consumption	Jubilant Foodworks Limited	5%
	United Breweries Limited	4%
	Whirlpool Of India Limited	4%
	Phoenix Mills Ltd.	4%
	Crompton Greaves Consumer Electricals Ltd.	3%
	Kajaria Ceramics Limited	3%
	V I P Industries Limited	3%
	Birla Corporation Limited	3%
	Larsen & Toubro	3%
	Maruti Suzuki India Limited	1%



**Lenders
27%**

Lenders	ICICI Bank Limited	9%
	HDFC Bank Limited	7%
	Axis Bank Limited	4%
	Cholamandalam Investment & Finance Co. Ltd.	3%
	HDFC Ltd.	3%

While 38% of the portfolio remains invested in essentials



**The portfolio is positioned across sectors, themes
and market capitalization...**

**...but the united across portfolio holdings in
the unique ability to benefit from a
competitive advantage for the years to come**

Key Themes

Theme I: Consolidation in the lending space

Top 5 banks command 46% market share in India, versus 80% as seen in countries globally

Top 5 banks in India to consolidate market share

- The five bank concentration ratio in India stands at ~46% level; vs ~80% being the median for 30 large economies globally.
- We believe the top banks in India; especially the top 3-4 private banks are very well positioned today to consolidate market share.

Strong liability franchises

- A very strong liability franchise; and good underwriting discipline are the key tenets of sustainable compounding in a lending business.
- The banks we own in the fund are the ones which clearly lead on these metrics.

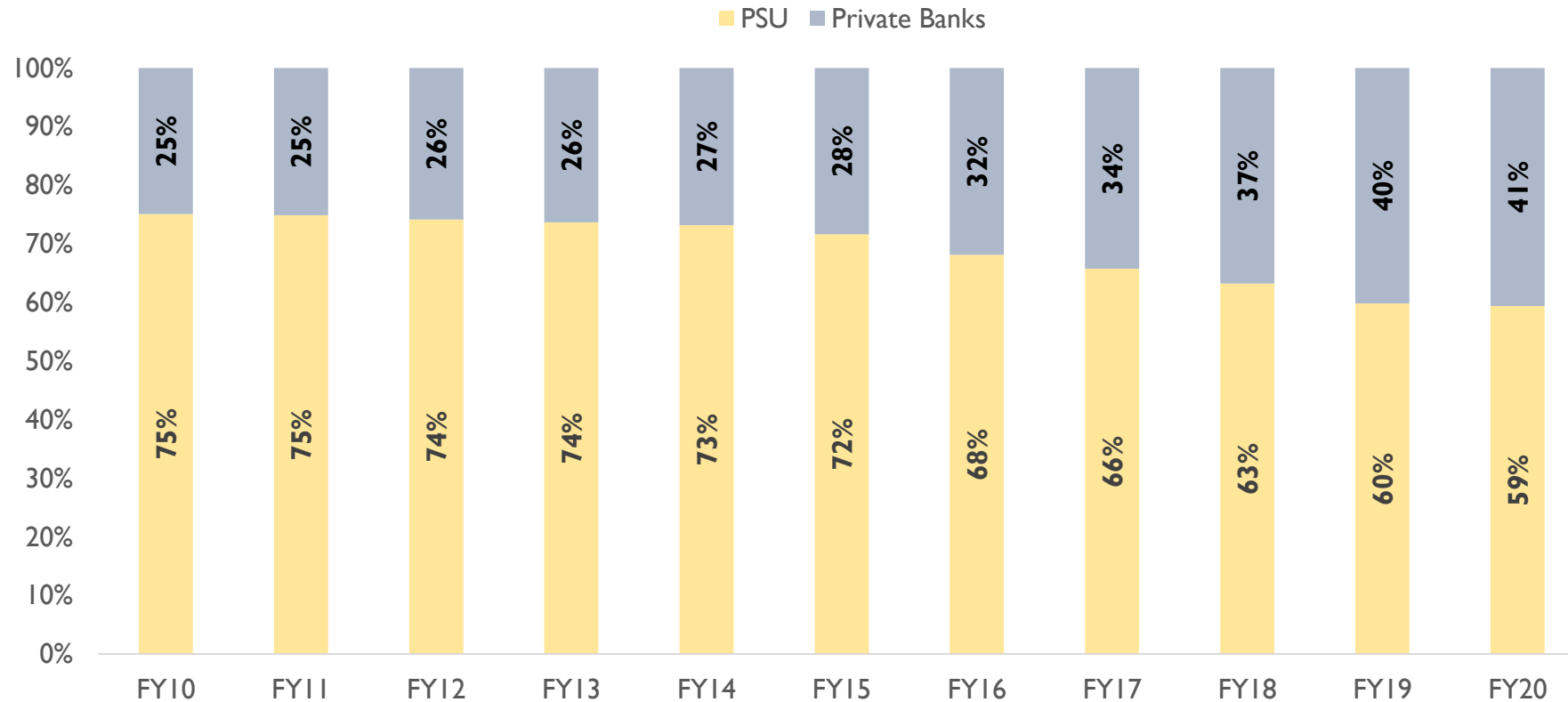
PSU to PVT value migration to continue

- PSU banks have structural shortcomings of a promoter whose interests are not aligned with minority shareholders, weak underwriting capabilities, being capital starved, etc.
- Hence, expect value migration from PSU to PVT to continue.

Attractive valuations

- Financial stocks were badly hit during the sell-off caused by COVID
- Unlike other sectors, stock prices for banks are yet to see a bounce-back
- Believe this is a temporary mispricing for larger, well run private banks with good liability franchises and underwriting capabilities.

Market Share in the Indian Banking System



- **Share of Private Banks has increased from 25% to 41% in the last decade**
- **FY30 private banks market share = 55% ???**

Source: Bloomberg and Internal MOAMC Research

The sector mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future

Theme 2: Supply side Consolidation: Survivors in a tough cycle = eventual winners

Distinctive and durable market leaders likely to benefit despite short term headwinds

India's growth potential remains intact

- India despite facing multiple challenges over the years; has a track record of ~14% nominal GDP growth over the last 4 decades.
- We believe the basic building blocks to this long term growth remain intact; the pandemic should be a passing event.

Economic environment to accelerate consolidation

- Every downturn tests the survival of the fittest.
- Weak players in an industry suffer the most (especially the unorganized; and players with weak balance sheets).
- Consequently, in the recovery that ensues; the strong get stronger.

Focus on market leaders

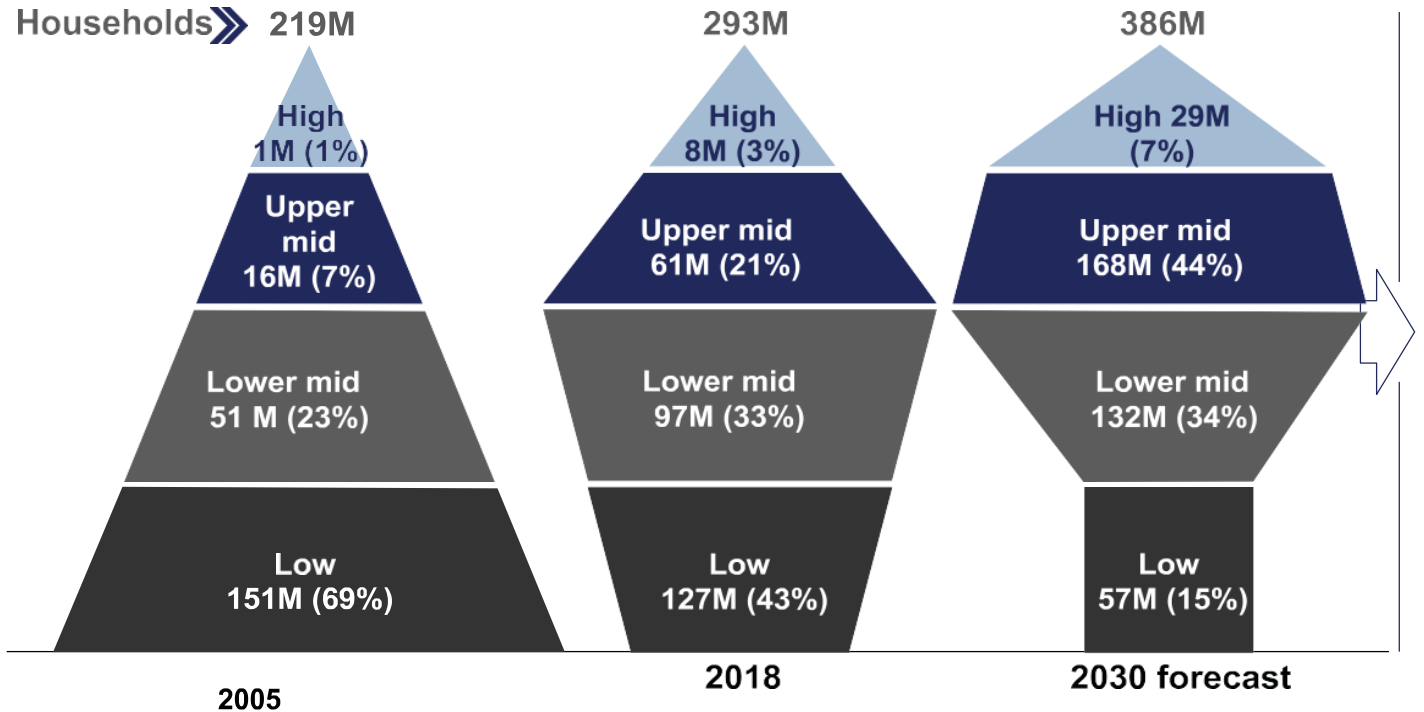
- Accelerated formalization of the economy to benefit market leaders
- High stress economic environments necessitate that the strongest will be able to not just survive, but thrive.

Look beyond the short term

- Template for multi-baggers; vision to see, courage to buy and patience to hold
- Patience is the rarest of the three attributes. We believe; today as we're still in the middle of the pandemic; our patience is being tested.
- However, as the dust settles; we believe we will be well rewarded for our patience.

Theme 3: Consumer Discretionary – Long Runway for Growth

Evolution of the household-income profile in India



High Income & Upper Middle Segment

- 1 in 4 households today
- 1 in 2 households by 2030

Note: Low income: <\$4,000, Lower-mid: \$4,000-8,500, Upper-mid: \$8,500-40,000, High income: >\$40,000 basis income per household in real terms;

Source: BCG CCI Proprietary Income Database

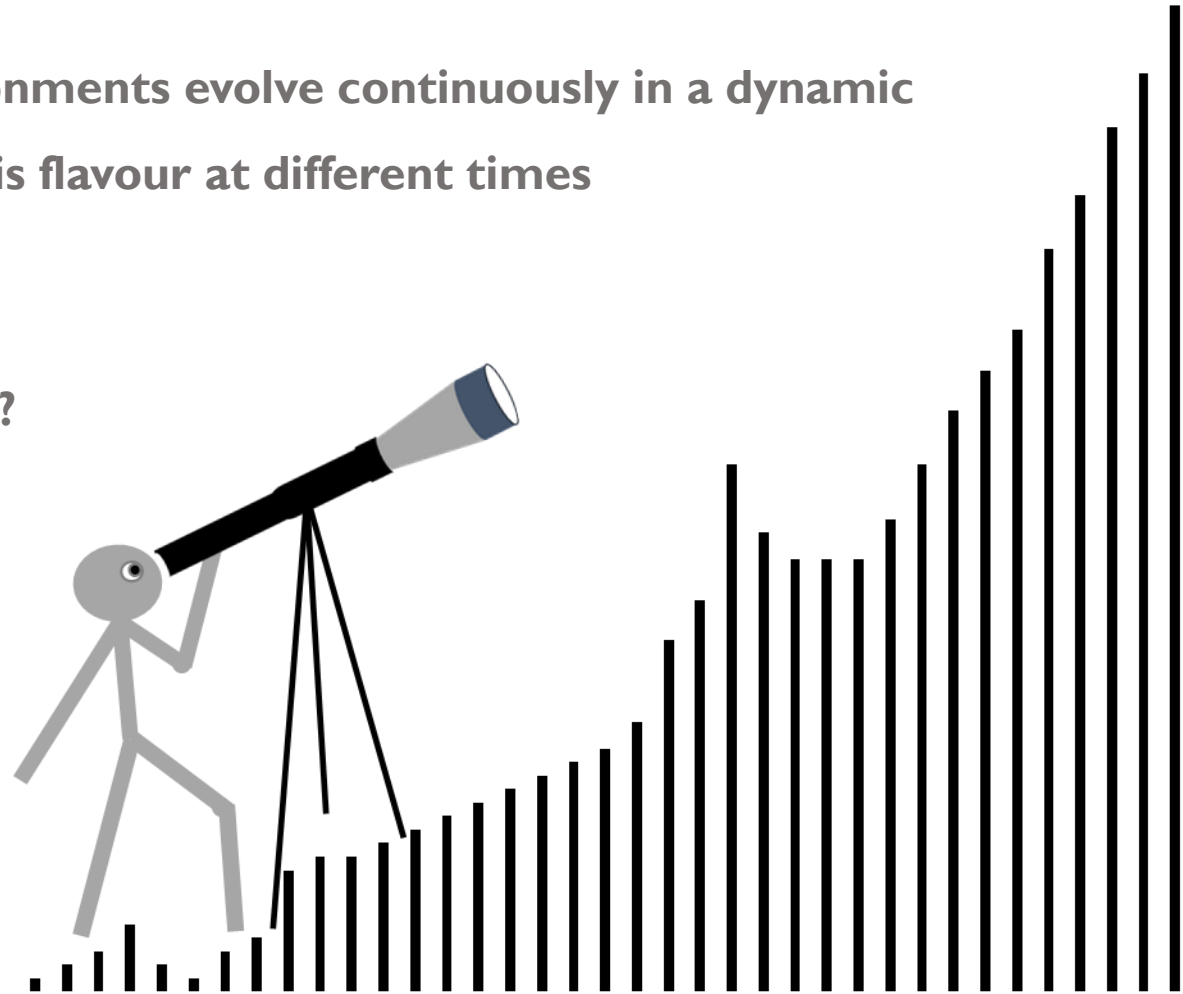
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A portfolio of leaders – A recipe for exponential growth

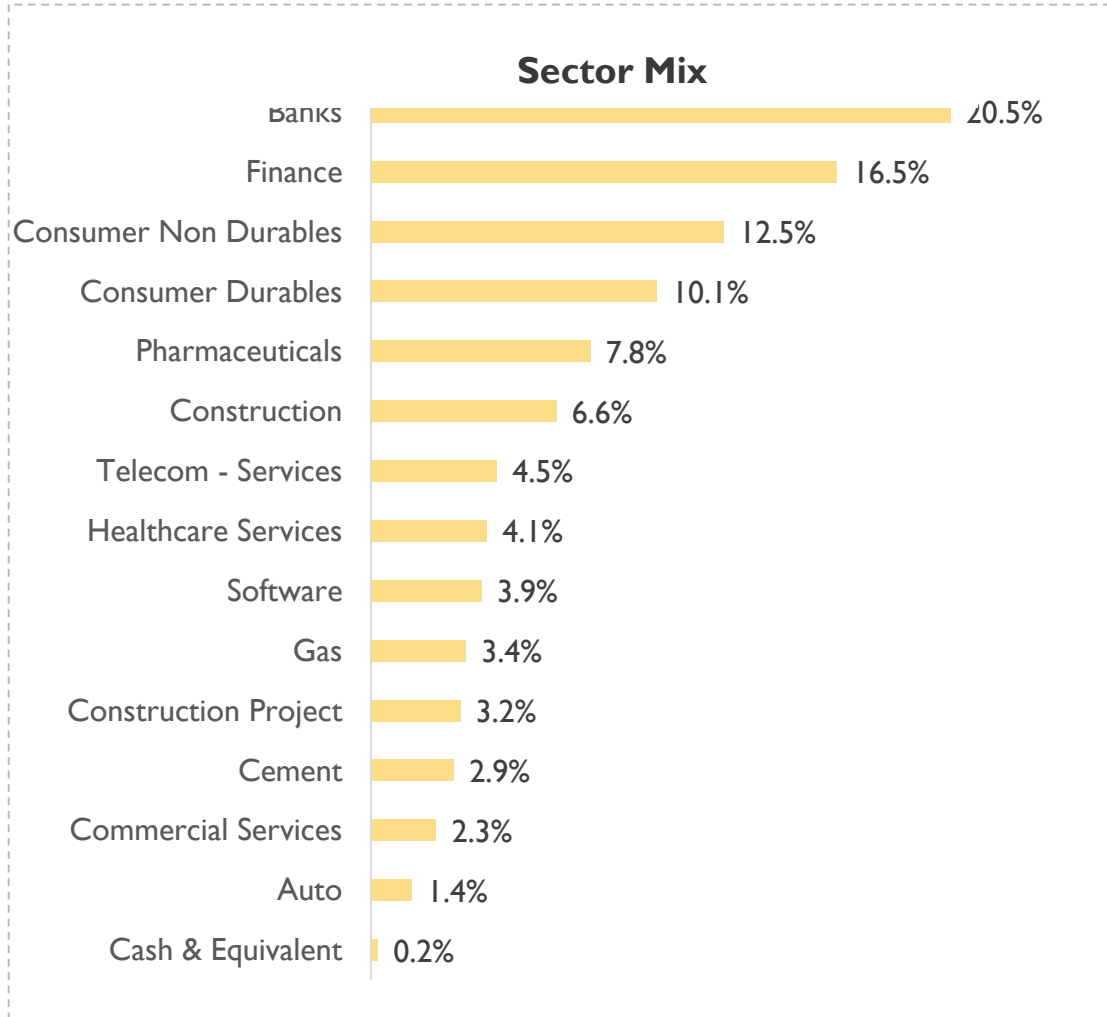
Constructing a portfolio of winners

Size, sectors, themes and market environments evolve continuously in a dynamic market environment ... a different one is flavour at different times

So what is the recipe for a multi-bagger?



What are the fund holdings?



Top 10 Equity Holdings

Script	Weightage (%)
ICICI Bank Limited	8.8%
HDFC Bank Limited	7.4%
Max Financial Services Limited	6.4%
Jubilant Foodworks Limited	5.2%
Torrent Pharmaceuticals Limited	4.7%
Bharti Airtel Limited	4.5%
Axis Bank Limited	4.4%
United Breweries Limited	4.3%
Dr. Lal Path Labs Limited	4.1%
Whirlpool of India Limited	3.9%
Total	53.7%

Data as on December 31, 2020. Sector classification as per AMFI defined sectors. The Stocks/Sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future

How has the fund performed?

Point to Point Returns (%)	1 Year		Since Inception	
	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000
Motilal Oswal Large and Midcap Fund (LMC)	12.6%	11,256	16.6%	12,044
Nifty Large Midcap 250 Index TRI (Benchmark)	20.9%	12,087	22.9%	12,827
Nifty 50 TRI (Additional Index)	16.1%	11,614	18.0%	12,209

SIP Performance (%)	1 Year			Since Inception		
	LMC	Benchmark	Additional Benchmark	LMC	Benchmark	Additional Benchmark
Investment Amount	120,000			140,000		
Market Value	151,029	158,188	156,426	174,259	183,050	180,364
Returns (CAGR)%	51.2%	63.8%	60.7%	40.4%	51.2%	47.9%

Data as on December 31, 2020. BM = Benchmark i.e. Nifty LargeMidcap 250 TRI Index; Add. BM = additional BM i.e. Nifty 50 TRI Index;

Date of inception: 17-Oct-2019. In case, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns. The NAV per unit shown in the table is as on the start date of the said period. Past performance may or may not be sustained in the future. Performance is for Regular Plan Growth option. Different plans have different expense structure. Mr. Aditya Khemani is the Fund Manager for equity component since inception. Mr. Abhiroop Mukherjee is the Fund Manager for debt component since inception.

Kindly refer to the factsheet for performance of other schemes managed by the fund managers: <https://www.motilaloswalmf.com/downloads/mutual-fund/Factsheet>

Fund Managers



For Equity Component: Mr. Aditya Khemani:

- **Rich Experience:** Mr. Aditya has overall 14 years of experience in the Indian equity markets; last 10 years in the role of a portfolio Manager.
- **Academic Background:** Prior to joining Motilal Oswal Asset Management Company Ltd., He was associated with HSBC AMC for nearly 12 years. Further, he has worked in esteemed organizations like SBI Mutual Fund, ICICI Prudential AMC and Morgan Stanley Advantage Services.
- **Academic Background:** MBA finance, IIM Lucknow and B.Com (Honors) from St. Xavier's college, Kolkata



For Debt Component: Mr. Abhiroop Mukherjee :

- **Rich Experience:** Over 11 years of experience in the Debt and Money Market Instruments Securities trading and fund management. His past stint includes, AVP at PNG Gilts as a WDM dealer
- **Academic Background:** B.Com (Honours) and PGDM (Finance)
- **Funds managed:** Fund Manager - Motilal Oswal Ultra Short Term Fund and Motilal Oswal Liquid Fund. Fund Manager for Debt Component - Motilal Oswal Focused 25 Fund, Motilal Oswal Midcap 30 Fund, Motilal Oswal Multicap 35 Fund, Motilal Oswal Long Term Equity Fund, Motilal Oswal Dynamic Fund, Motilal Oswal Nasdaq Fund of Fund, Motilal Oswal S&P 500 Fund, Motilal Oswal Large and Midcap Fund, Motilal Oswal Multi Asset Fund and Motilal Oswal Equity Hybrid Fund

For Performance of other schemes managed by the fund manager, kindly refer to factsheet link: <https://www.motilaloswalmf.com/downloads/mutual-fund/Factsheet>

Fund Facts

Type of the Scheme	An open ended equity scheme investing in both large cap and mid cap stocks.		
Category of the Scheme	Large and Midcap Fund		
Investment Objective	The investment objective is to provide medium to long-term capital appreciation by investing primarily in Large and Midcap stocks. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.		
Benchmark	NIFTY Large Midcap 250 TRI		
Entry / Exit Load	Entry : Nil Exit : 1% - If redeemed on or before 15 days from the date of allotment. Nil - If redeemed after 15 days from the date of allotment. A switch-out or a withdrawal shall also be subjected to the Exit Load like any Redemption. No Exit Load applies for switch between MOF25, MOF30, MOF35, MOFEH, MOFLM & MOFDYNAMIC. No Load for switch between Options within the Scheme.		
Plans	Regular Plan and Direct Plan		
Options (Under each plan)	Dividend (Payout and Reinvestment) and Growth		
Minimum Application Amount	Rs. 500/- and in multiples of Re. 1/- thereafter		
Additional Application Amount	Rs. 500/- and in multiples of Re. 1/- thereafter		
	Weekly SIP	Any day of the week from Monday to Friday	Rs. 500 and in multiples of Re. 1/- thereafter (Minimum Installment – 12)
	Fortnightly SIP	1 st -14th, 7th - 21st and 14 th - 28th	
	Monthly SIP	Any day of the month except 29th, 30th or 31st	
	Quarterly SIP	Any day each quarter (Jan, Apr, Jul, Oct) 29th, 30th or 31 st	Rs. 1,500 and in multiples of Re. 1/- thereafter (Minimum Installment – 4)
	Annual SIP	Any day or date of his/her preference	Rs. 6,000 and in multiples of Re. 1/- thereafter (Minimum Installment – 1)
Minimum Redemption Amount	Rs. 500/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower.		

Disclaimer

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Scheme Specific Risk Factors: In line with its investment objective, the scheme will be required to maintain a minimum exposure of 35% each to both the large cap and the mid cap market segments at all times regardless of the prevailing market conditions/outlook for these market cap segments. The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, yield, return and/or its ability to meet its objectives.

Statutory Details: Constitution: Motilal Oswal Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. Trustee: Motilal Oswal Trustee Company Ltd. Investment Manager: Motilal Oswal Asset Management Company Ltd. (CIN: U67120MH2008PLC188186) Sponsor: Motilal Oswal Financial Services Ltd.

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

Product Labelling

Name of the scheme	This product is suitable for investors who are seeking*	
Motilal Oswal Large and Midcap Fund (MOFLM) (Large and Midcap Fund - An open ended equity scheme investing in both large cap and mid cap stocks)	<ul style="list-style-type: none">• Long term capital appreciation• Investment predominantly in equity and equity related instruments of large and midcap stocks	 <p data-bbox="1574 672 1989 715">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.

Thank you

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