

# Axis Global Equity Alpha Fund of Fund

(An open ended fund of fund scheme investing in Schroder International Selection Fund Global Equity Alpha)



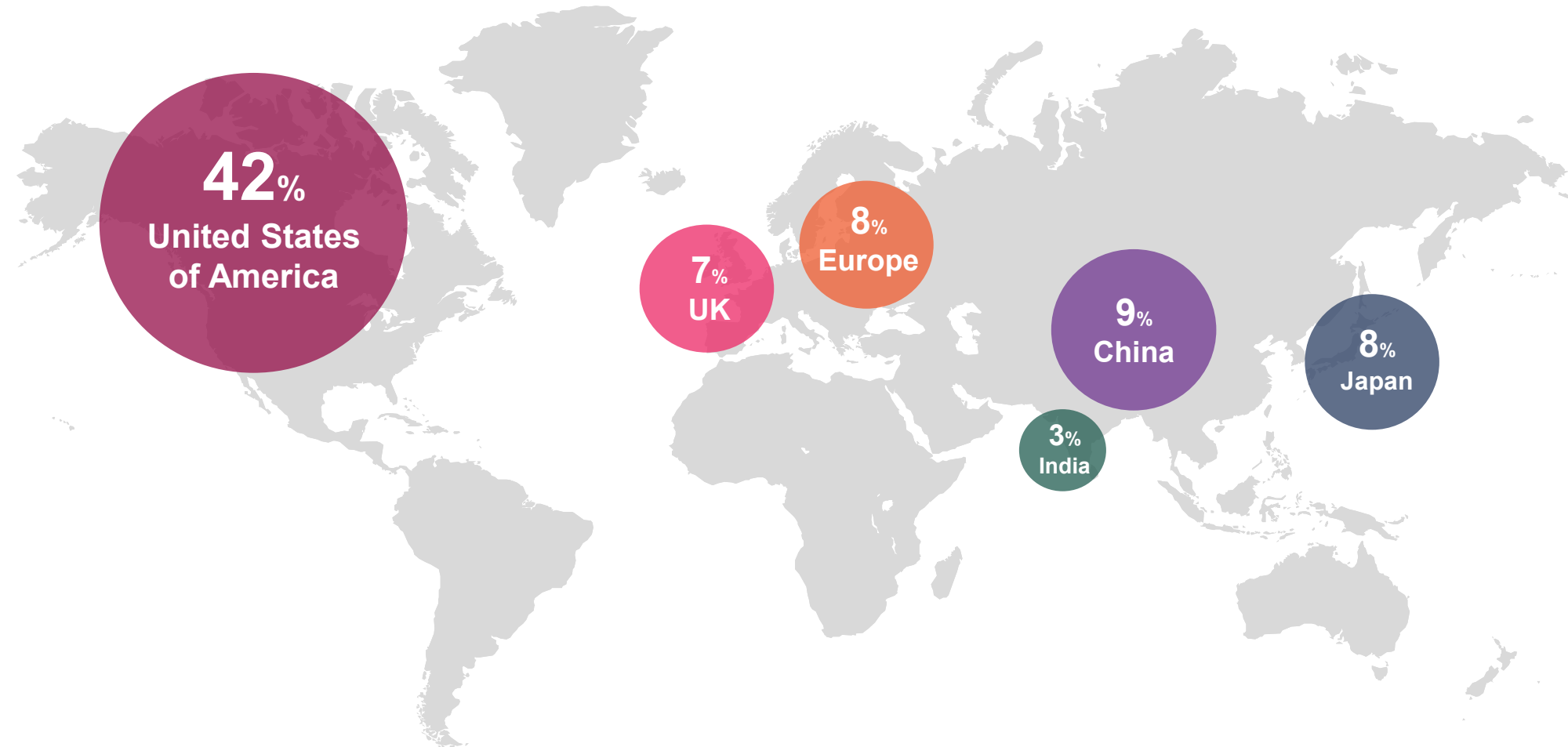
This product is suitable for investors who are seeking\*:

- Capital appreciation over long term.
- Investment in Schroder International Selection Fund Global Equity Alpha, an equity fund that aims to provide capital growth by investing in equity and equity related securities of companies worldwide.



# India is a small part of the global system

## Country Market Cap as a % of World Market Cap



## When we buy goods...

We buy what we like best, regardless of source country



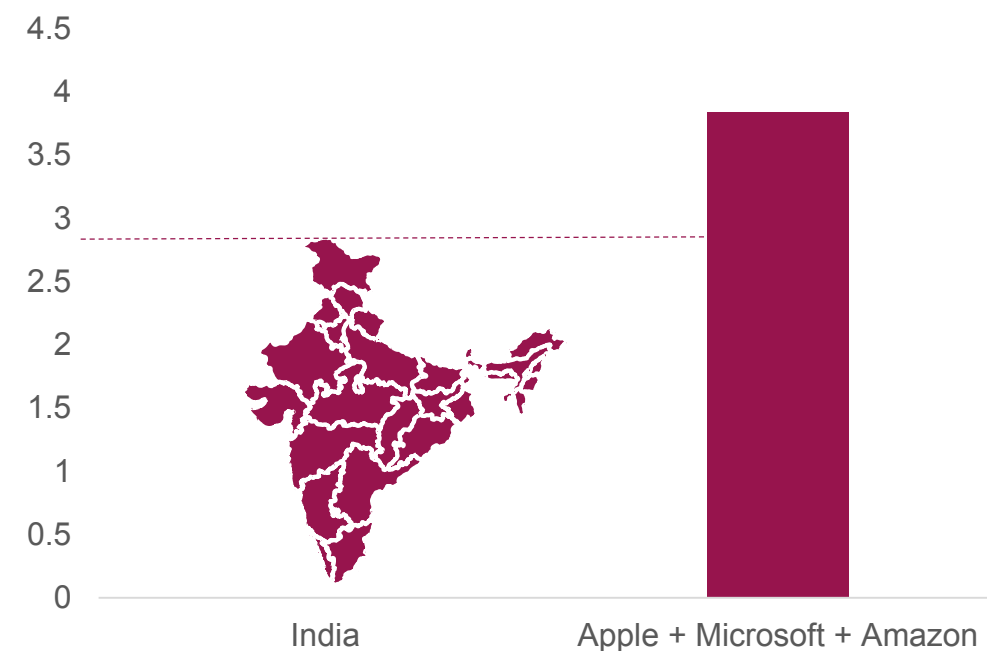
**Why not when we invest?**

# Home bias affects investor portfolios

Investing only in one market raises the risk levels

	Investment in home market**	Country's market cap as a % of World market cap^
USA	79.1%	41%
Canada	59.0%	3%
Australia	66.5%	2%
Japan	55.2%	8%
India	99.8%*	3%

3 global companies put together exceeds India's total market cap



^Source: World Bank. Data as on 31st Dec 2019. \*\*Source: Vanguard Report : 'The global case for strategic asset allocation and an examination of home bias's published in Feb 2017. \*AUM of Domestic Equity MFs as a % of Total Equity MF AUM of the mutual fund industry. Source: MFI Explorer. Above stocks may or may not be a part of portfolio. Fund manager will take the final call based on the views on markets. The above is for illustration and explanation purpose only and should not be construed as performance of any Scheme.

# Advantages of Global investing



# Exposure to growth/ opportunities

Opportunity to invest in themes not available in India

- India has ~5,000 companies listed on the exchange but accounts for only about 3% share of world’s market capitalization.
- Global markets are home to companies of a global stature with the kind of scale, customer base, network effect and competitive moat that very few Indian companies can achieve of emulating, in the near term.
- While India holds the tag for fastest growing projected economy, almost all equity investment opportunities arising are in sunrise sectors which are not available on Indian exchanges.



# Exposure to growth/ opportunities

Illustration of large wealth creators in the global markets

	Adobe	Adidas	Alibaba	Alphabet
Marketcap (₹ Lkh Crs.)	11.6	3.4	39.3	60.2
5 Year EPS growth (CAGR)	62%	34%	27%	19%

	Facebook	Amazon	Visa	Comcast
Marketcap (₹ Lkh Crs.)	35.8	73.2	23.8	11.8
5 Year EPS growth (CAGR)	42%	69%*	20%	12%



Source: Bloomberg. Data in INR as on 31st Mar 2020. EPS Data considered at FY End 31st Dec, 2019 .**Past performance may or may not be sustained in future.** Above stocks may or may not be a part of portfolio. Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the markets. The material is prepared for general communication and should not be treated as research report. \*4 Year EPS growth considered, 5 year is NA.



# Reduced risk

Different markets have different risk, developed markets lower

	World	China	Europe (Ex UK)	USA	Japan	India	UK
Volatility	15.1%	24.7%	19.8%	18.5%	21.3%	<b>22.3%</b>	19.7%
Max. Drawdown	-47.6%	-66.9%	-53.1%	-45.1%	-47.9%	<b>-64.4%</b>	-55.2%



Source: Bloomberg, Axis AMC Research. Data Period 1st Jan 2003 to 31st March 2020. . Risk is depicted by Standard Deviation for daily returns over the period. Minimum return in the last 17 years (daily basis) is used to show the downside risk of each of the portfolios. Past performance may or may not be sustained in future



# Reduced risk

Lower correlations can help bring down the risk of the portfolio



Source: Bloomberg, Axis AMC Research. Data Period 1st Jan 2003 to 31st March 2020. Correlations of daily returns series considered over the period.

# Better risk adjusted return

Different markets have done well in different times

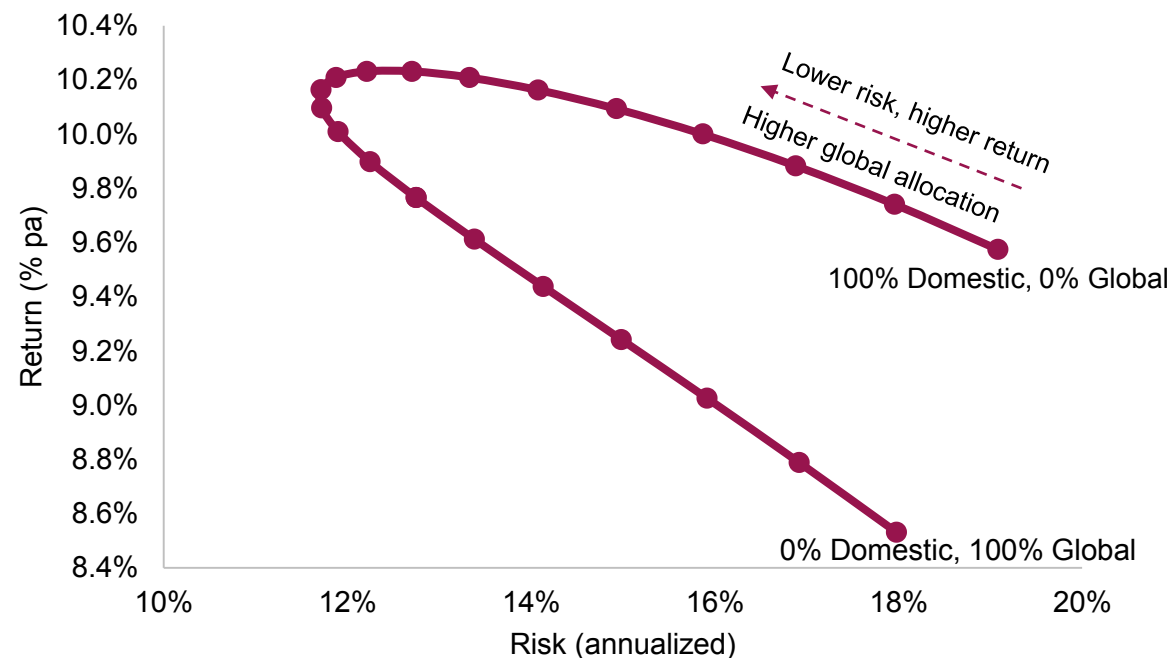
Period (Return %)	World	China	Europe (Ex UK)	India	USA	Japan	UK
CY 2008	-28.5%	-40.6%	-34.2%	-56.8%	-24.1%	-14.3%	-37.9%
CY 2009	21.4%	51.8%	22.3%	91.5%	18.7%	-0.1%	29.5%
CY 2010	5.3%	-1.7%	-5.1%	14.7%	8.7%	8.9%	0.6%
CY 2011	9.7%	-5.4%	-1.9%	-26.3%	18.7%	-0.4%	11.8%
CY 2012	16.8%	22.8%	21.7%	27.9%	17.1%	9.7%	14.5%
CY 2013	40.1%	13.3%	40.6%	6.9%	46.6%	40.3%	31.3%
CY 2014	5.2%	7.0%	-6.5%	24.4%	13.6%	-3.1%	-6.8%
CY 2015	1.9%	-5.8%	2.0%	-3.0%	4.0%	12.4%	-6.8%
CY 2016	8.1%	1.2%	-0.5%	-0.3%	12.1%	3.0%	-1.8%
CY 2017	12.8%	42.0%	16.7%	28.7%	12.2%	14.5%	10.4%
CY 2018	-2.2%	-13.2%	-9.5%	-0.2%	2.2%	-7.1%	-10.1%
CY 2019	27.9%	23.7%	24.3%	8.5%	31.9%	19.9%	17.8%
H1 2020	-1.0%	8.7%	-4.8%	-12.7%	2.8%	-2.5%	-19.9%

# Better risk adjusted return

Diversification can help portfolio risk-return characteristics

	Return (CAGR)	Risk (Std Dev)	Minimum 1 year return
Domestic Portfolio (Nifty 50 Index)	9.6%	19.1%	-54.3%
Global Portfolio (MSCI World Index)	8.5%	18.0%	-15.6%
70 Domestic + 30 Global	10.2%	13.3%	-36.4%

Impact of global allocation on Risk-Return



Source: Bloomberg, Returns are in INR. Data as on 31st Mar 2020. Period: 31st Dec 2008 to 31st March 2020. **Past performance may or may not be sustained in future.** Risk is depicted by Standard Deviation for daily returns over last 10 years. Minimum 1 year return in the last 10 years (daily basis) is used to show the downside risk of each of the portfolios. The above is for illustration and explanation purpose only and should not be construed as performance of any Scheme.

# Impact of currency



Period	Global Equity Returns in USD (% pa)	Rupee Impact (% pa)	Global Equity Returns in INR (% pa)
Mar 2015 to Mar 2020	1.3%	3.9%	5.2%
Mar 2010 to Mar 2015	7.7%	7.3%	15.0%
Mar 2005 to Mar 2010	0.8%	0.5%	1.4%
<b>Mar 2005 to Mar 2020</b>	<b>3.2%</b>	<b>3.8%</b>	<b>7.0%</b>

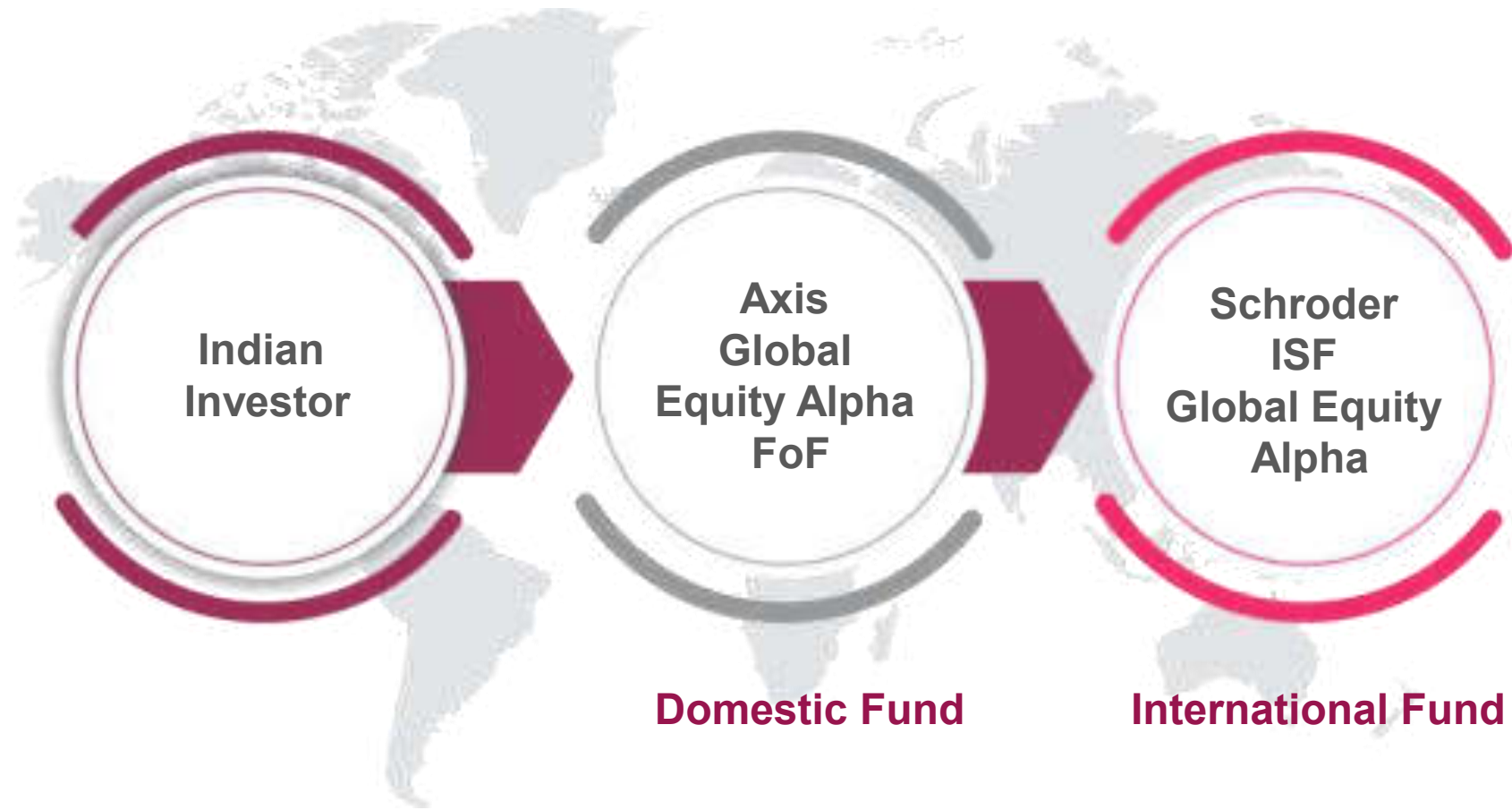
- India's external situation and Rupee's tendency to depreciate add to returns from a global portfolio.
- However equity risk is substantially more than Currency risk.
- Investors should not allocate to equity solely on currency view.

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(An open ended fund of fund scheme investing in  
Schroder International Selection Fund Global Equity Alpha)



# Product Structure



# About Schroders

Investment management is our only business and our goals are completely aligned with those of our clients - the creation **of long-term value** to assist them in meeting their future financial requirements.





# Global, multi-asset capability

Assets under management £460.1 billion

**Equities £162.4bn**



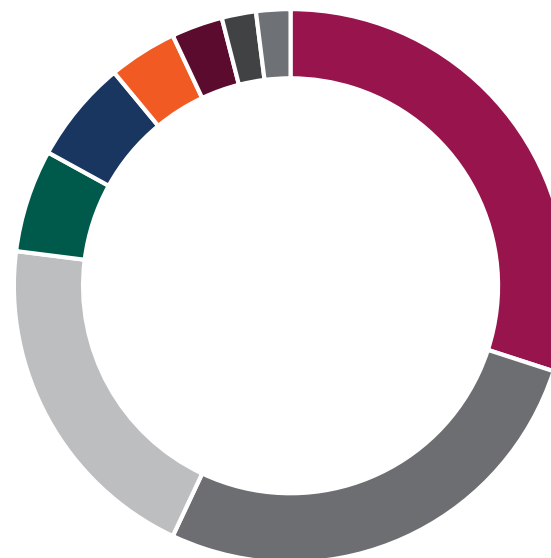
- Asia Pacific
- Global
- Emerging Markets
- UK
- Quantitative Equities
- Europe
- Japan
- US
- Australia

**Multi Asset £ 150.9bn**



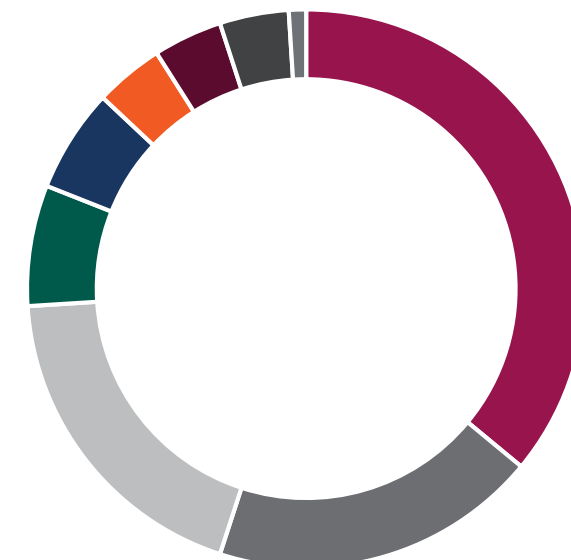
- Risk Controlled Growth
- Risk Mitigation
- Multi-Asset Income
- Multi-Asset Inflation
- Other
- Multi-Asset Advanced Beta

**Fixed Income £ 101.5bn**



- Global
- US
- Europe
- Asia Pacific
- UK
- Emerging Market Bonds
- Australia
- Convertibles
- Custom Bond Beta

**Private Assets & Alternatives**



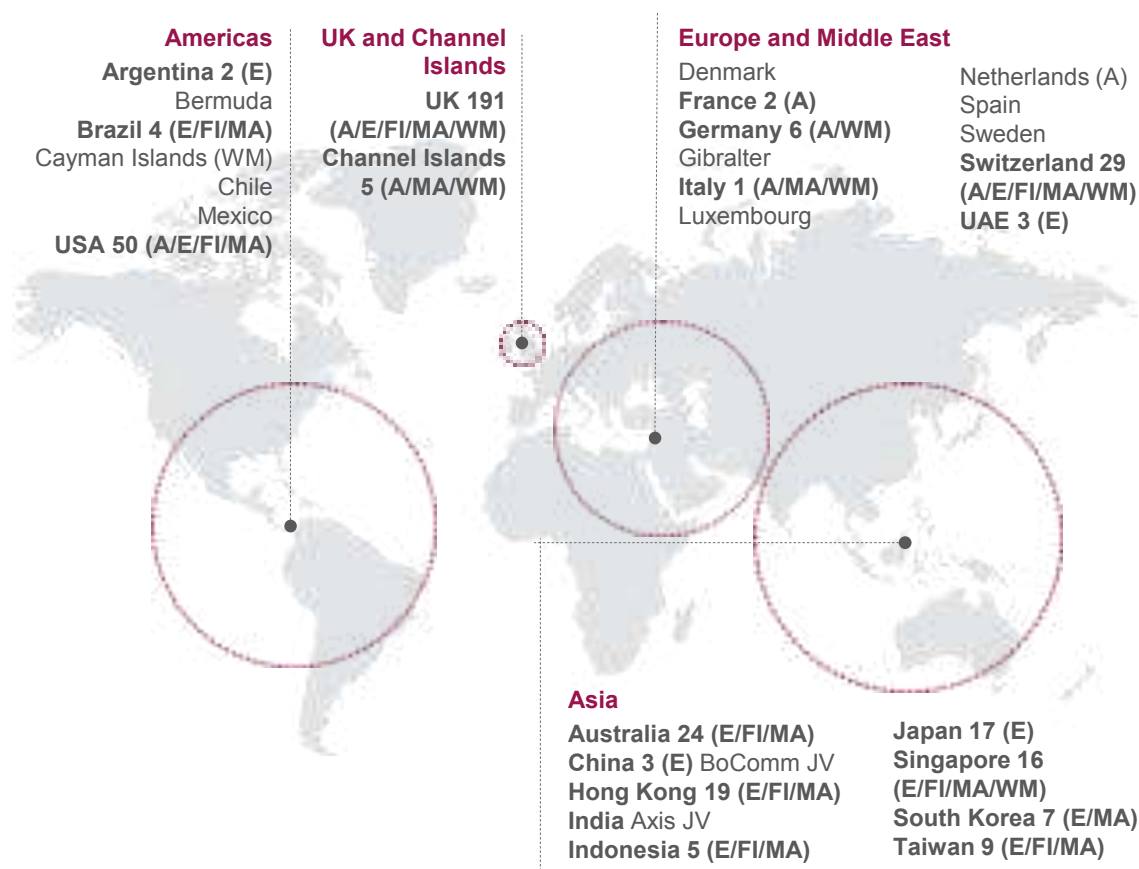
- Real Estate
- Private Equity
- Securitised Credit
- GAIA
- Direct Lending & Impact Investment
- Emerging Market Debt
- Infrastructure Finance

Source: Schroders, by region and product as of June 30<sup>th</sup>, 2020.

# Global research capability

## Global investment capability

- Over 400 fund managers and analysts worldwide.
- Over 100 equity analysts and 25 credit analysts.



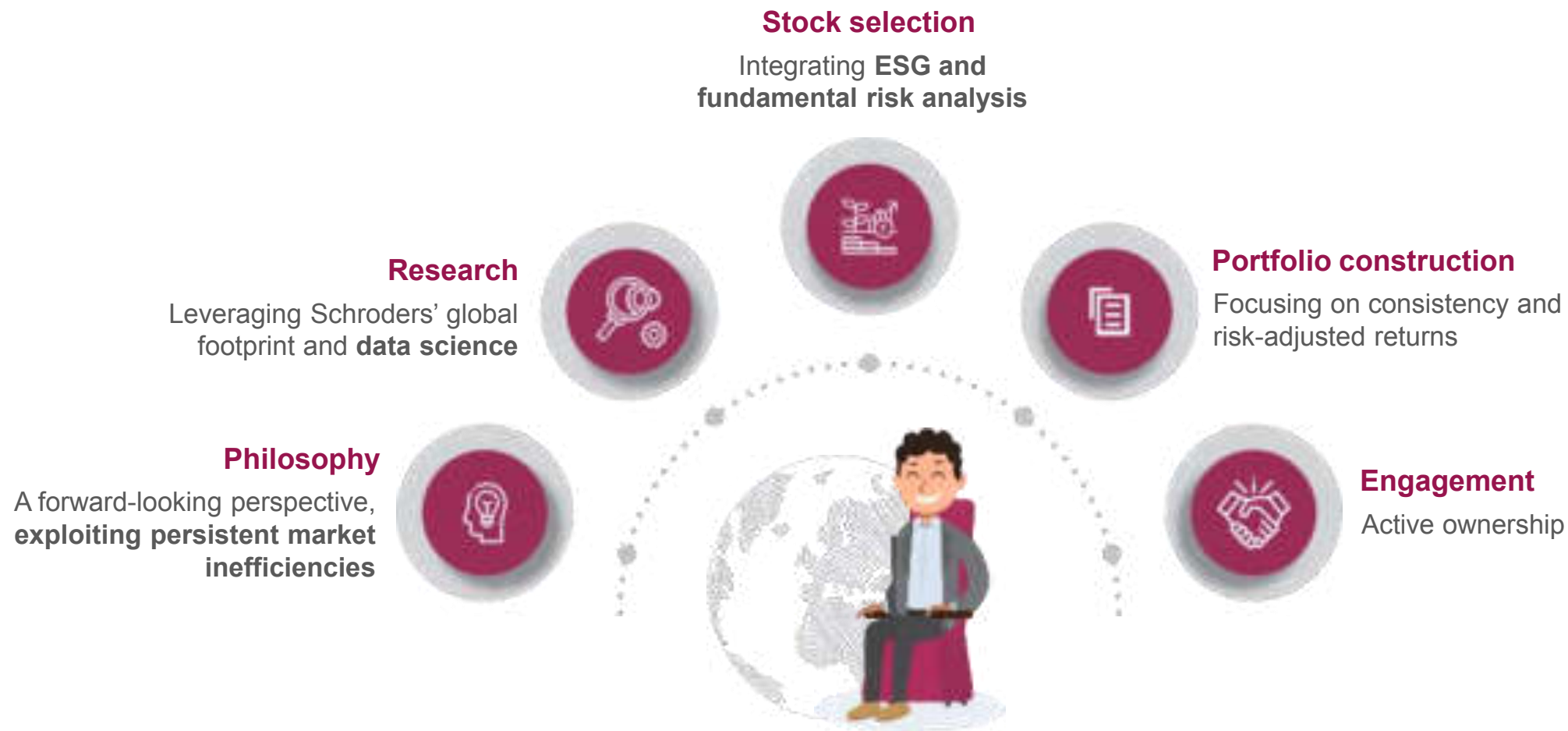
## Regional equity analysts' research output

- Analysis is **style-neutral** with a **Quality-bias**.
- Assessment/ grading reflect regional philosophies and approach and local opportunity set.
- Stocks graded '1'– strong buy to '4' – strong sell.

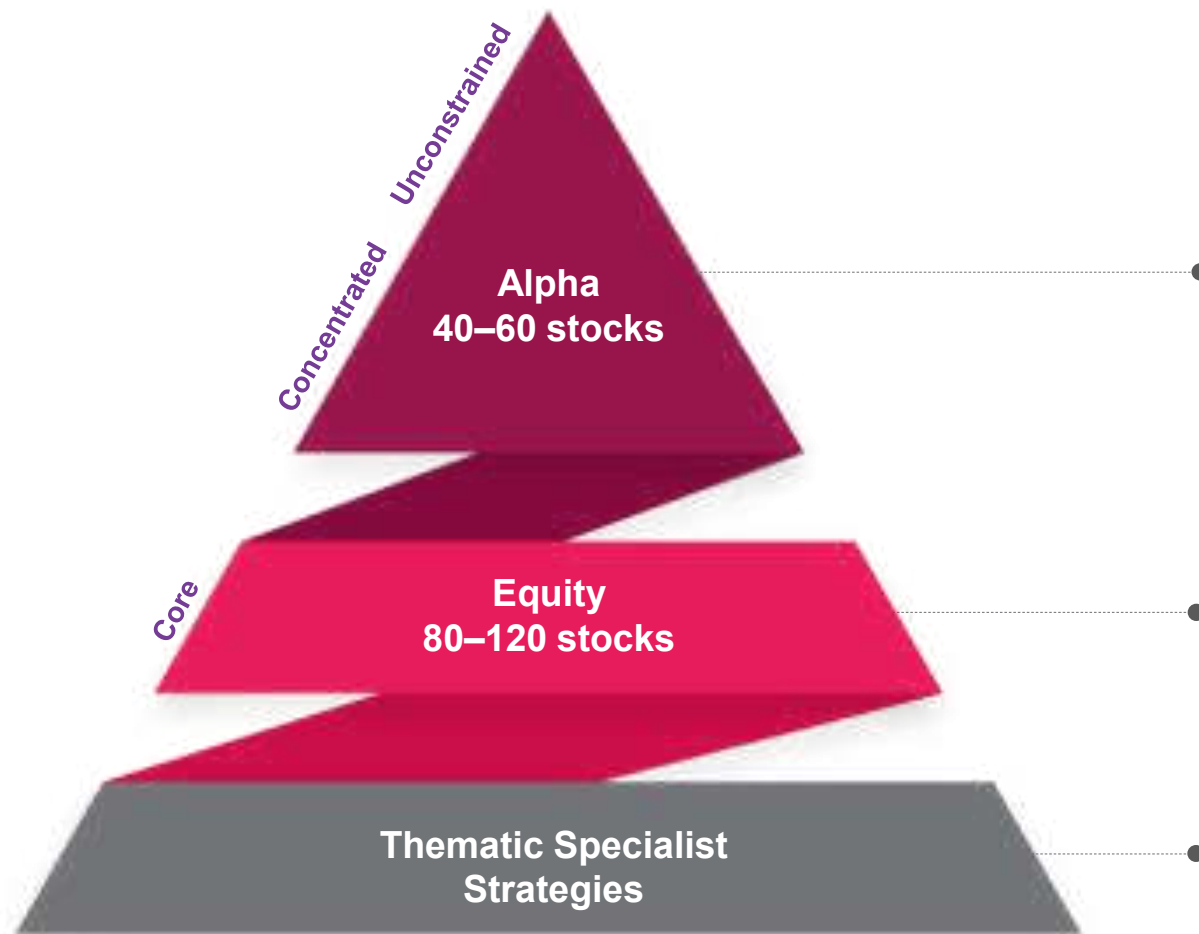


# Schroders – Global Equities

Investment edge - five key pillars of value creation



# Global & International Equity : Broad range of capabilities - Schroder's Global strategies



## Typical Features

**Holdings:** 40–60 stocks  
**Risk controls:**  
 Stock: 5% maximum  
 Sector: N/A  
 Region: N/A

**Holdings:** 80–120 stocks  
**Risk controls:**  
 Stock: 3% maximum  
 Sector: +/- 10%  
 Region: +/- 15%

Global Climate Change	Global Disruption
Global Sustainable Growth	Global Smart Machines
Global Health Care	Global Changing Lifestyle
Global Healthcare Innovation	

Targeted annualised outperformance of benchmark gross of fees over rolling three-year periods but this cannot be guaranteed over this, or any other, period. There can be no guarantee that any strategy will meet or exceed its objective. See full performance disclaimer at end of presentation. As at 31 March 2020. For illustrative purposes only.

# Investment philosophy

## Focus on Un-anticipated Growth



- Seeks to exploit **3 persistent inefficiencies**
  - Markets fail to look far enough ahead when appraising the earnings power of companies
  - Markets extrapolate historic growth and fail to correctly interpret catalysts that change the trajectory of growth
  - Markets over-react to short term news flow
- Market inefficiencies often drive material differences between underlying company fundamentals and market estimates (the **‘Growth Gap’**)
- Disciplined investment in stocks which deliver positive earnings surprise can deliver consistent outperformance over time

# The stocks fund looks for

Forward earnings growth not yet identified by the market - the growth gap

## Core growth

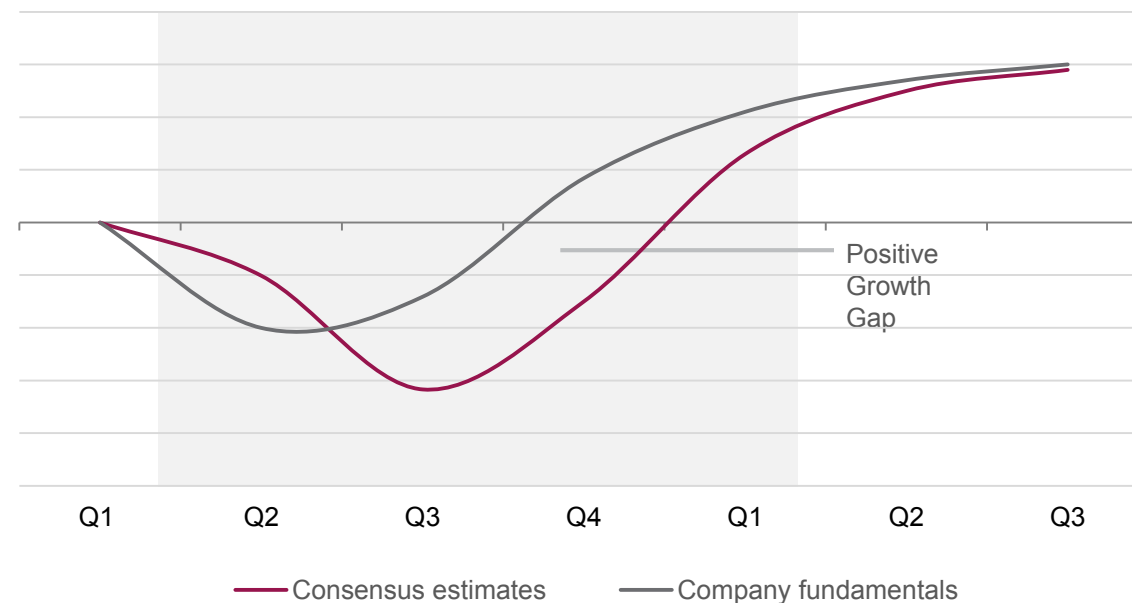
Markets often fail to look far enough ahead



- Structural
- Sustainable competitive advantage
- Innovation

## Opportunistic growth

Consensus often fails to anticipate inflection



- Cyclical
- Transitional growth
- Turnarounds/ restructuring

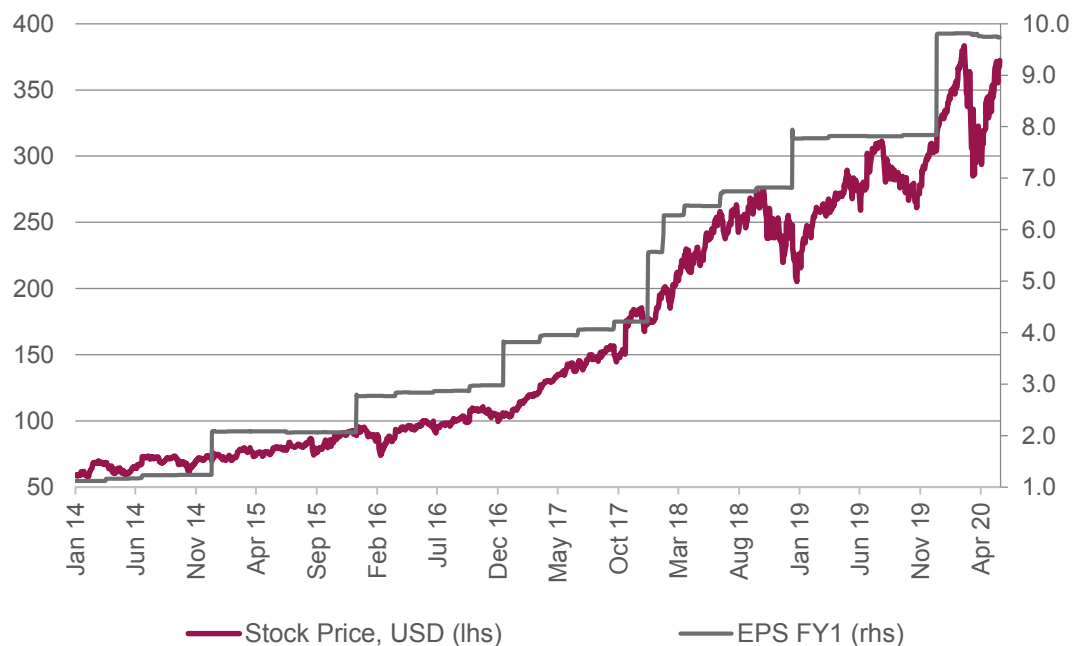
The 'company earnings' line in the graph represents our forecast (as opposed to the consensus estimates). The opinions stated in this presentation include some forecasted views. They believe that they are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that any forecasts or opinions will be realised. For illustrative purposes only. **Past performance may or may not be sustained in future.**

# The stocks fund looks for

Forward earnings growth not yet identified by the market – the growth gap

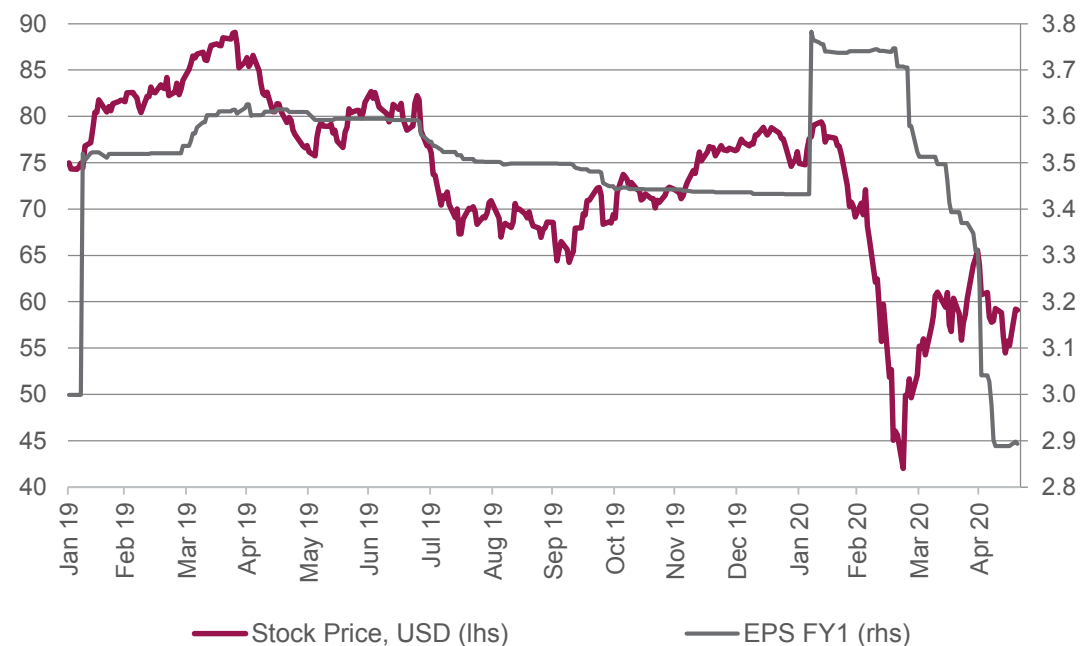
## Core growth

Markets often fail to look far enough ahead, e.g. Adobe



## Opportunistic growth

Consensus often fails to anticipate inflection, e.g. Fortive



Past performance is not a guide to future performance. The value of investments can go down as well as up and is not guaranteed.

Source: EIKON, USD, as at 19 May 2020. Forecasts are EIKON consensus estimates. The security shown was a holding in the strategy but the timing of purchases, size of position and the return may vary amongst portfolios within the same strategy. Although purchase and sale dates are not shown, the price chart reflects past performance, which gives no assurance of future returns. A list of all recommendations made for the strategy within the immediately preceding period of not less than one year will be provided upon written request. You should not assume that recommendations made in the future will be profitable or will equal the performance of the security discussed above. **Past performance may or may not be sustained in future.**



# Investment process

Filtering the universe to identify best ideas

## Idea generation



- GSS – primary source for idea generation.
- Regional analysts provide local perspective.
- GSS recalibrate analysis to reflect the team philosophy and approach.

## Stock selection



- An independent investment view.
- GSS recommendation.
- Team-based appraisal.

## Portfolio construction and risk control

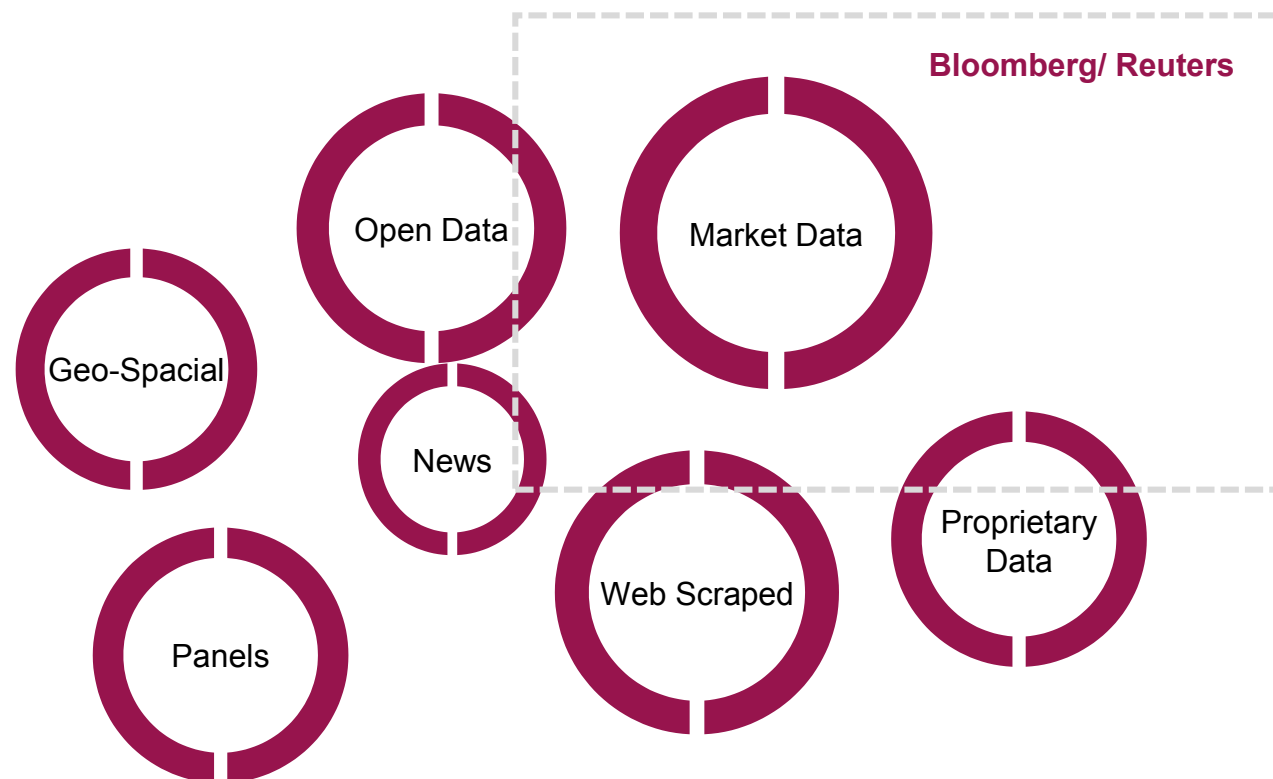


- Risk adjusted return expectation.
- Proprietary risk framework.

# Data Insights Unit

Gain and maintain an information edge

- ‘Better investment decisions’.
- To enable Analysts and PMs to make better investment decisions.
- Equipping them with timely, relevant, industry-leading and usable data.
- Servicing investors with quality data science, statistical rigour and engaging visualisations.
- Supporting investment process and tools, using our position as technologists within Investment.
  - Putting investment ontology + systems at heart of processes.
  - Intelligent and relevant newsflow to investors.
- Forging connections between investors of all asset classes and data scientists across Schroders group.



# Schroders ISF Global Equity Alpha



**Investment Objective:**  
To provide capital growth by investing in equities



**Fund AuM:** US\$ 1.60 bn



**Benchmark:** MSCI World NR



**Performance (in INR):**

	1 Year	3 Years	5 Years	Since Inception
SISF Global Equity Alpha	22.0%	15.2%	11.2%	10.5%
MSCI World Net - Total Return	16.6%	13.2%	11.0%	10.6%

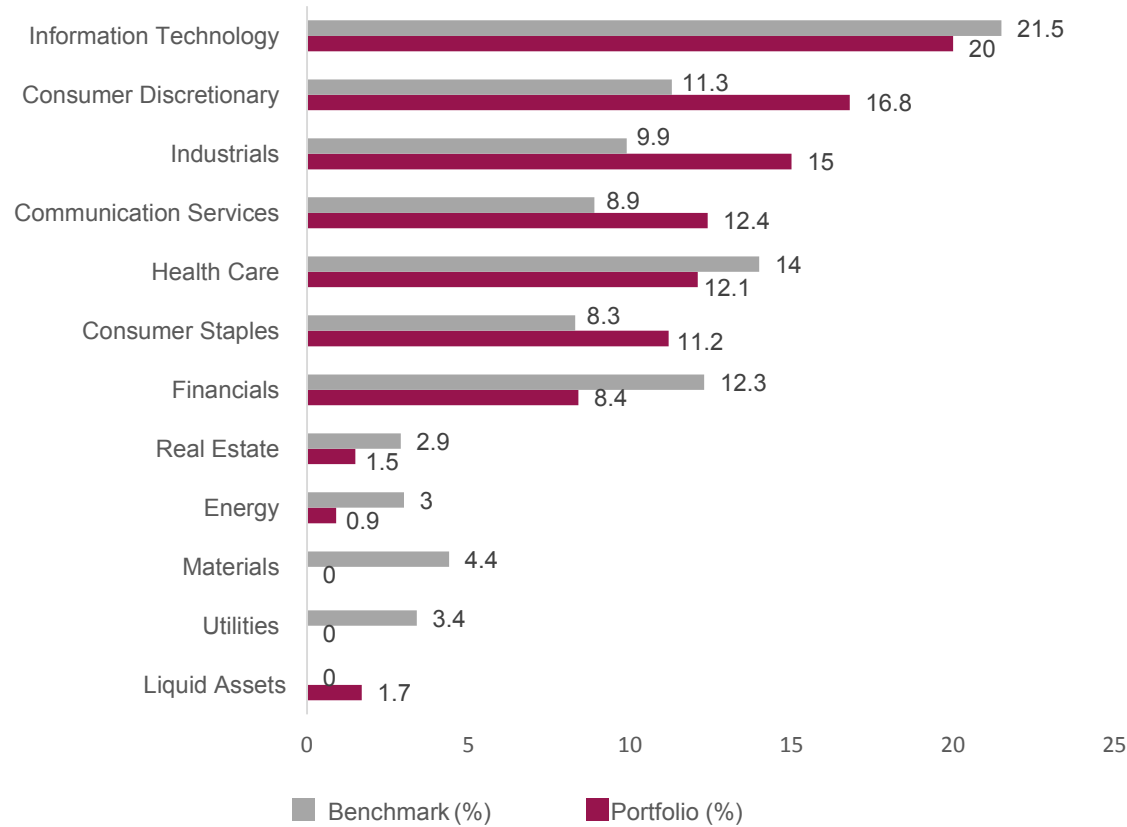


**Fund inception:** July 2005

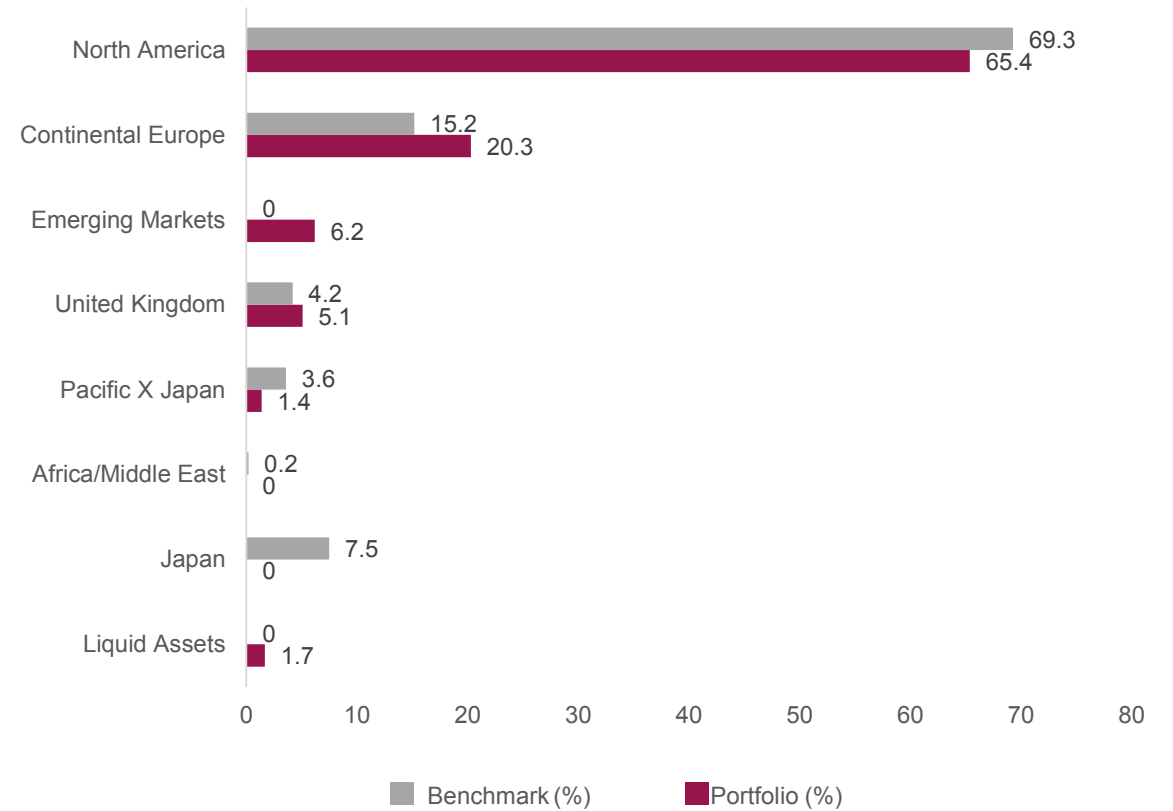
Source: Schroders, Bloomberg, Axis AMC. Data as of 31st July ,2020. **Past performance may or may not sustain in future.** Returns greater than 1 year are compounded annualized (CAGR). Returns quoted are based on NAV to NAV (Bid to Bid), adjusted for dividends, net of On Going Charge. The above performance is for Share Class C Accumulation of SISF Global Equity Alpha Fund launched on July 29, 2005 (the Scheme may invest in any other Share class of SISF Global Equity Alpha).Fund USD NAV considered in INR at Bloomberg USD INR spot rate for the day.

# Sector and Geographic allocation

### Sector %



### Geographical Breakdown



Source: Schroders; Data as of 31<sup>st</sup> July, 2020. Above geographies/sectors/stocks may or may not be a part of portfolio. Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the markets.

# Schroder Global Equity - Top 10 holdings

## Top 10 holdings (%)



	Holding Name	%
1	Amazon.Com Inc	4.6
2	Alphabet Inc	4.5
3	Microsoft Corp	4.4
4	Visa Inc	4.0
5	Adobe Inc	3.7
6	Facebook Inc	3.5
7	Unitedhealth Group Inc	2.7
8	Intuit Inc	2.3
9	JP Morgan Chase & Co	2.3
10	Philip Morris International	2.2

# Portfolio Strategy

## Current Opportunities

### Resilience



#### Social Media & Gaming

Strong operating performance through the crisis across its diverse range of business activities.



#### Hygiene

Strong operating performance through the crisis with positive organic growth forecast, underpinned by health and home care.

### Recovery



#### Leisure and travel

Recovery in lodging and travel reservations from CY2021.



#### Personalized treatments

Recovery in hip and knee surgery from depressed levels.

### Momentum



#### Digital infrastructure

Value of and dependency on, enterprise software and cloud highlighted by Covid-19. This drives multi-year growth.



#### Electronic payments

Structural growth in electronic payments driven by growth in online transactions.

Source: Schroders. For illustrative purposes only. The securities shown are holdings in the strategy but the timing of purchases, size of position and the return may vary amongst portfolios within the same strategy. Above geographies/sectors/stocks may or may not be a part of portfolio. Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the markets.

# Schroder ISF Global Equity Alpha - Fund Managers



**Alex Tedder**

Alex re-joined Schroders in July 2014 as Head of Global Equities, having commenced his investment career at Schroders in 1990 with responsibility for promoting European Equity mandates alongside Schroders' Private Equity operation. In 1994 he moved to Deutsche Asset Management Ltd, where he worked in various capacities including Managing Director and Head of International Equities/Portfolio Manager. He was lead manager of the Deutsche International Select Equity Fund (MGINX) from inception in May 1995. He also previously served as co-manager of DWS International Fund, DWS Worldwide 2004 Fund, Deutsche Global Select Equity Fund and Dean Witter European Growth Fund. Alex re-joins Schroders from American Century Investments in New York, where he worked from 2006 as Senior Vice President and Senior Portfolio Manager (Global and Non-US Large Cap Strategies). He was lead manager of the American Century International Growth Fund (TWIEX) from July 2006 to March 2014. A dual citizen of UK and Switzerland, Alex was educated at Winchester College (UK) and University of Freiburg/Fribourg, Switzerland, where he obtained a Masters' Degree in Economics and Business Administration.



**Frank Thormann**

Frank joined is a Portfolio Manager for Global and US Large Cap Equity portfolios. He joined in 2017 from Frankfurt-based Union Investment where he was a global portfolio manager. Having initially focused on the North American component of Union's Concentrated Global Equity portfolios, he assumed overall portfolio management responsibility for the UniFavorit Concentrated Global Equity Fund in early 2010. The fund achieved a five-star rating from Morningstar during his tenure. Before joining Union Investment in 2008, Frank worked at American Century Investments in Kansas City, USA where he was a multi-industry analyst for the American Century Ultra Fund, as well as for the AC Select Equity Fund. Frank earned his Bachelor Degree in Finance and Mathematics at Loras College, USA. He gained a Masters in Finance and International Business at the University of Missouri. Frank is a CFA Charterholder.



# Taxation on Other than Equity Oriented Mutual Fund

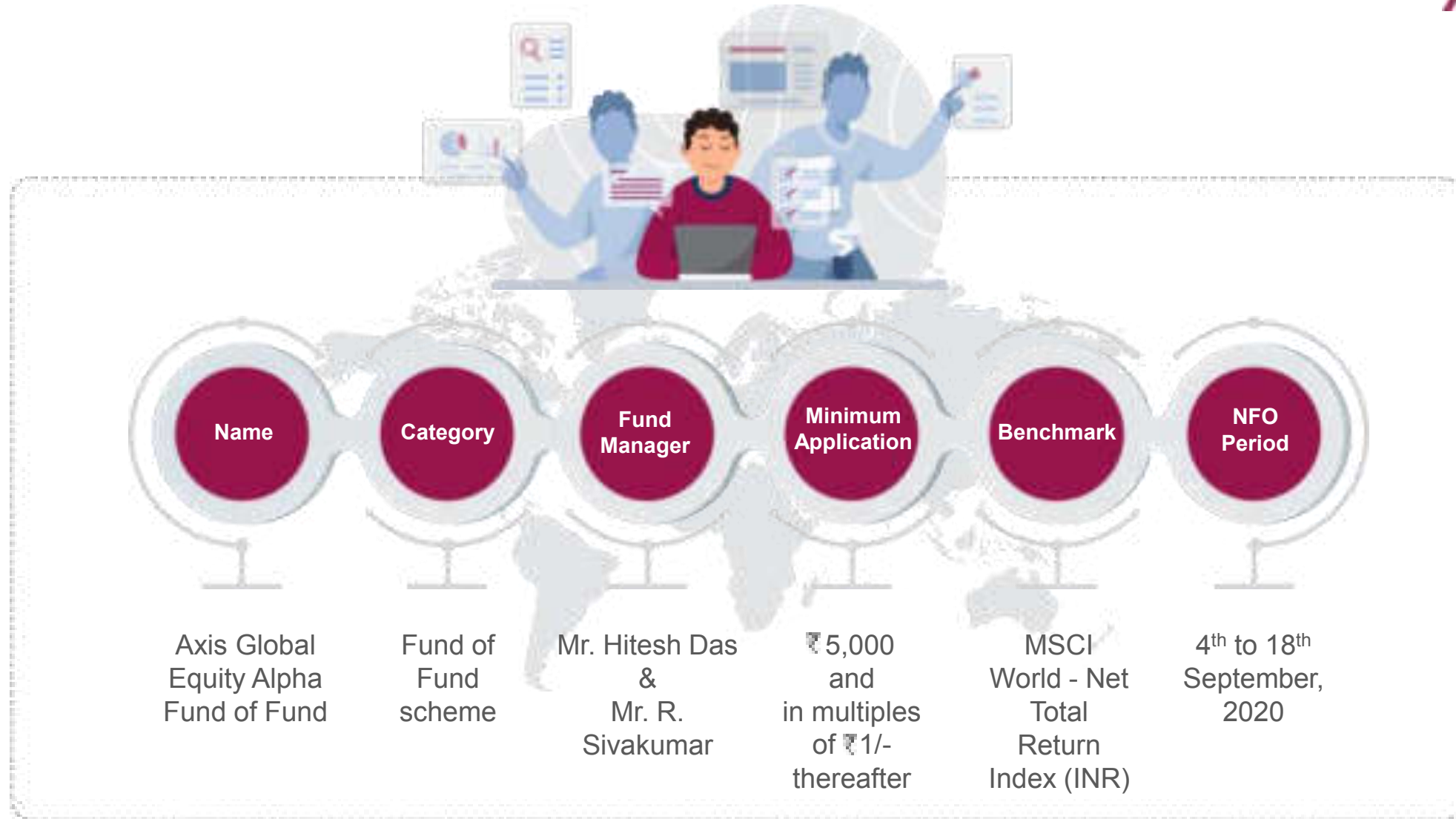
	Resident Investors	Non Resident Investors
Capital Gains: Long Term Capital Gains (Held for a period of more than 36 Months)	20% with indexation	10% (Indexation benefit not available)
Short Term	30%*	30%(40% in case of Foreign companies)*
Dividend	Taxed in the hands of unitholders at applicable rate under the provisions of the Income-tax Act, 1961 (Act)	Taxed in the hands of unitholders at the rate of 20% u/s 115A of the Act (plus applicable surcharge and cess)

Aforementioned tax rates shall be increased by applicable surcharge and health and education cess.

\*Assuming the investor falls into highest tax bracket.

In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

# Fund Facts



Note: Investors will be bearing the recurring expenses of the scheme in addition to the expenses of other schemes in which Fund of Funds scheme makes investment.

# Disclaimer & Risk Factors



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

**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 ₹ 1 Lakh).

**Trustee:** Axis Mutual Fund Trustee Ltd.

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

Investors will be bearing the recurring expenses of the scheme in addition to the expenses of other schemes in which Fund of Funds scheme makes investment.

**Risk Factors:** Axis Bank Limited is not liable or responsible for any loss or shortfall resulting from the operation of the scheme.

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

# Disclaimer & Risk Factors



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