

# Kotak Global Innovation Fund of Fund

Invest in  
global innovators\*



**NFO starts on 8<sup>th</sup> July 2021 and ends on 22<sup>nd</sup> July 2021**

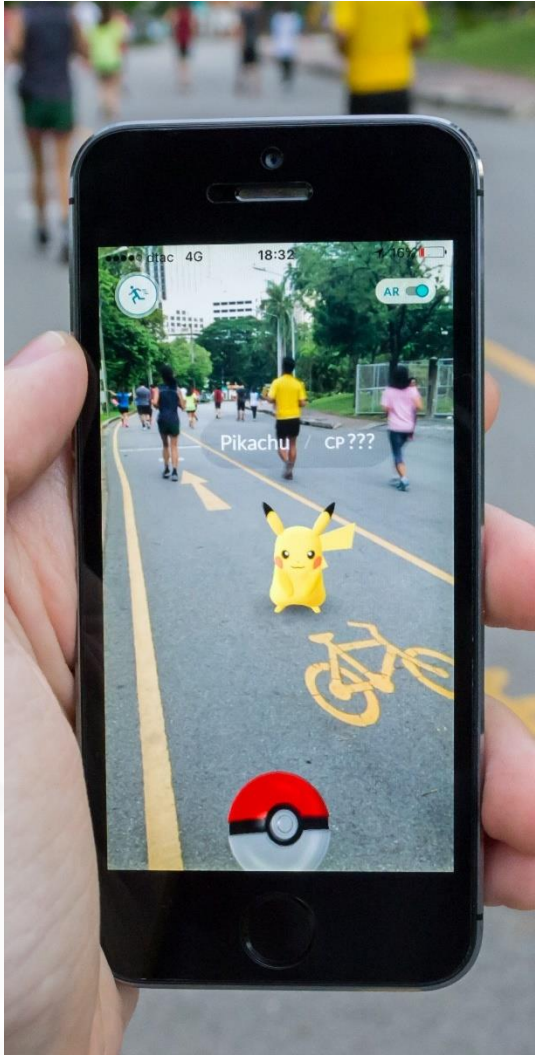
\*Kotak Global Innovation Fund Of Fund will invest in units of Wellington Global Innovation Fund or any other similar overseas mutual fund schemes/ETFs. The Wellington Global Innovation Fund managed by Wellington Management, and the companies mentioned here are forming part of its portfolio as of 31<sup>st</sup> May 2021. The portfolio construction is the purview of the fund manager and may change from time to time. Past Performance may or may not sustain in future.



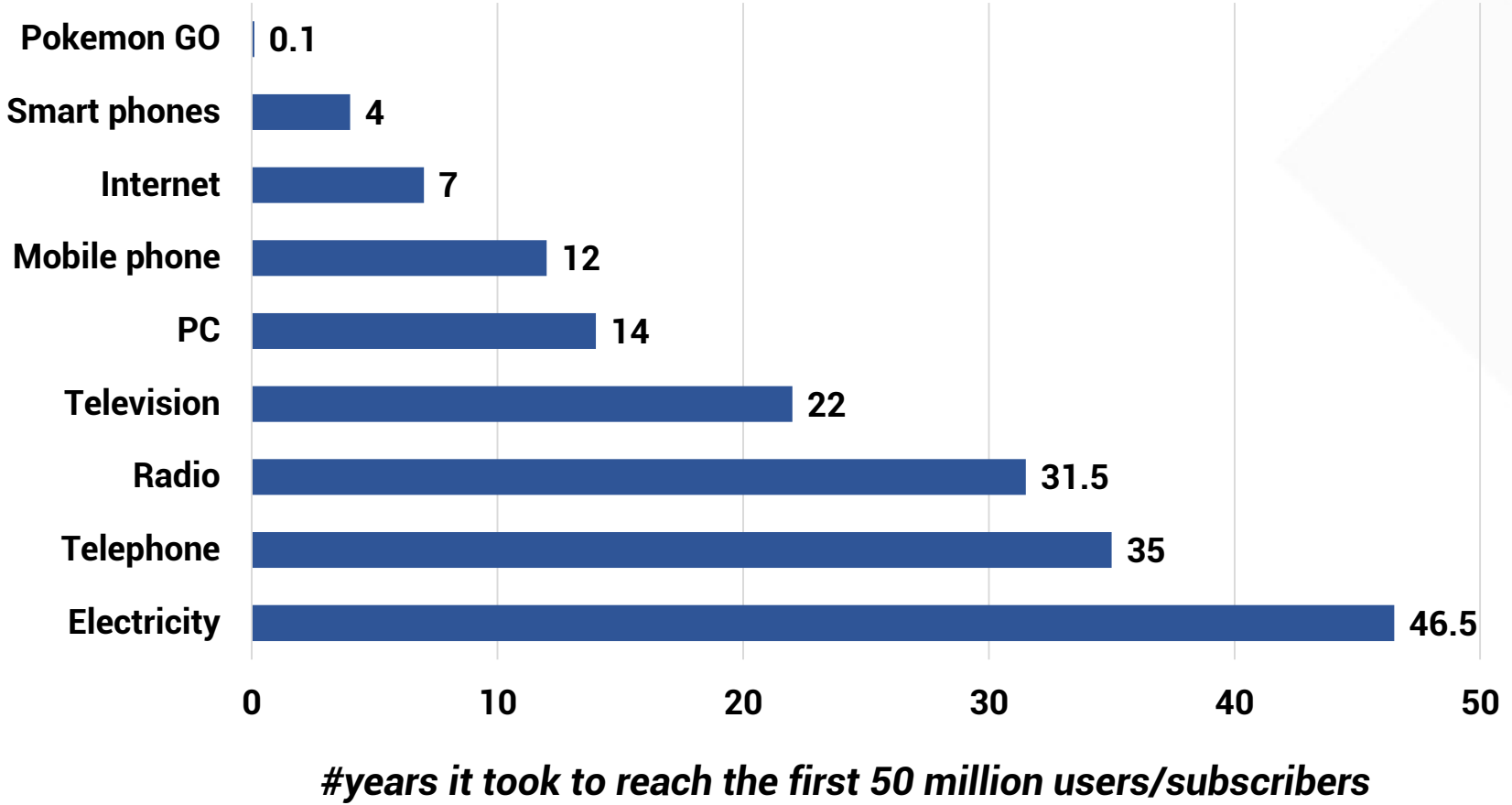
- ✓ **Companies that control their own destiny**
  - Driving growth through innovation, or
  - Having exposure to key secular trends
- ✓ **Innovation can be found in:**
  - Novel processes, new technologies, new products, or a business model change that allow a company to capture a disproportionate share of its industry

**Innovation is not just about healthcare and information technology but can be found broadly across many sectors, creating opportunities to invest in both innovators and beneficiaries of innovation.**





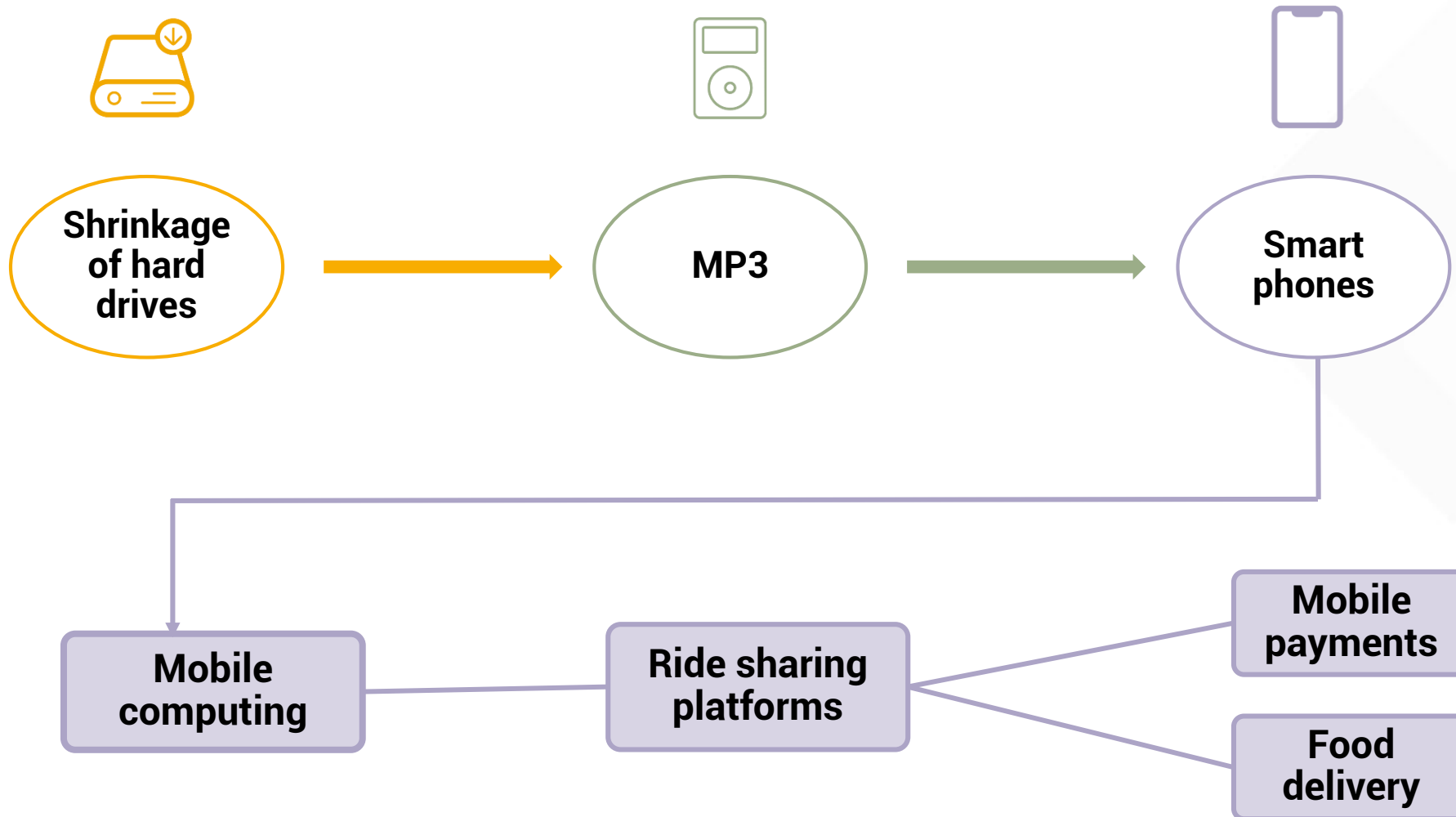
### Technology Adoption Rates



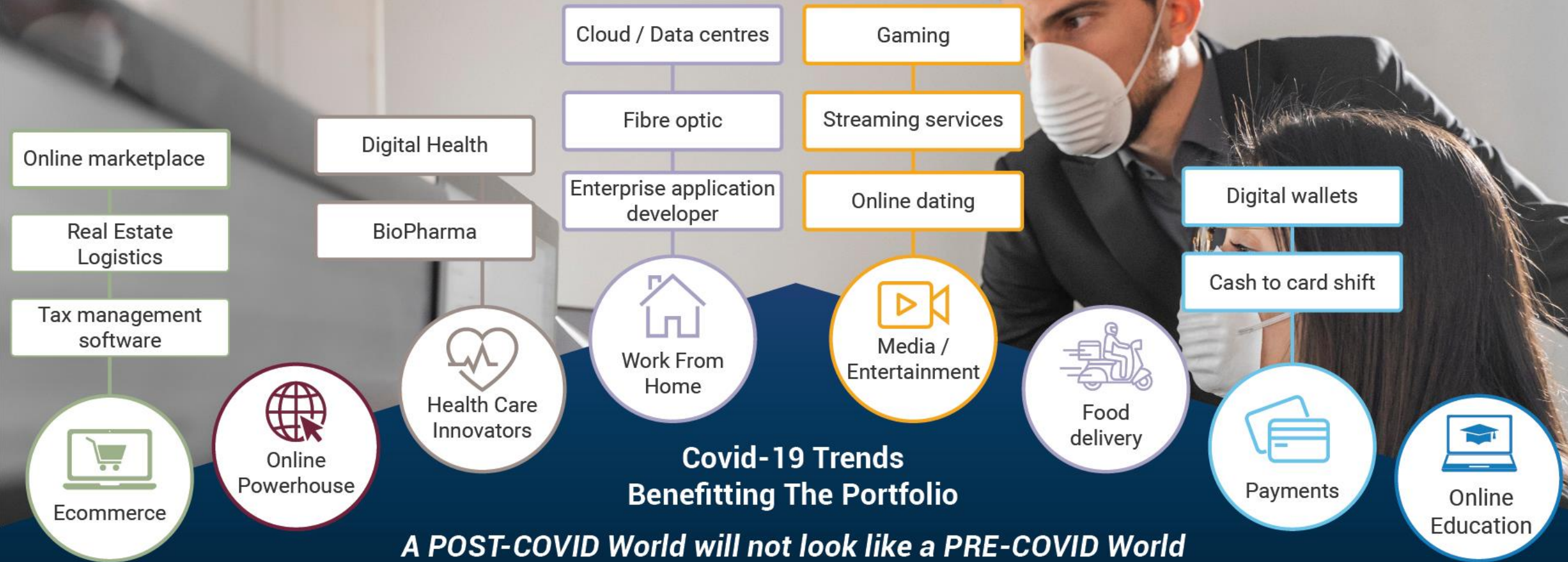
# Global Innovation

## Disruption in Technology ~ Reducing Lifespan

TYPICALLY STARTS  
WITH HARDWARE  
LONG LIVED WITH  
MULTIPLE FOLLOW  
ON EFFECTS  
NON LINEAR



## Future Themes





# Introducing... **Kotak Global Innovation Fund of Fund**





# Wellington Management

## A Trusted Adviser and Strategic Partner to Clients Worldwide



### BUSINESS

USD **1,316B**

Of client assets under management



**60+**

Countries in which clients are based



**2,385+**

Clients

USD **42B**

Of UCITS fund assets under management

### PEOPLE



**896**

Investment professionals

**17** years

Of experience, on average

**182**

Partners all active at the firm

### HERITAGE KEY DATES

**1928**

Wellington Fund  
first US balanced fund

**1979**

Establishment  
of private  
partnership

**1980s**

onwards  
Steady  
expansion  
of global presence

**1994**

First long/short  
strategy launched

First UCITS  
fund launched

**2014**

First dedicated  
private equity  
strategy

**2015**

Global Impact:  
Our first diversified impact  
investing strategy in public  
equities



# The Case for Wellington Global Innovation Fund

*We Believe Innovation is Critical to Unlocking the Opportunity and Long-term Outperformance*



## CASE FOR GLOBAL INNOVATION

- We believe innovation and major trends can drive growth independent of the global cycle

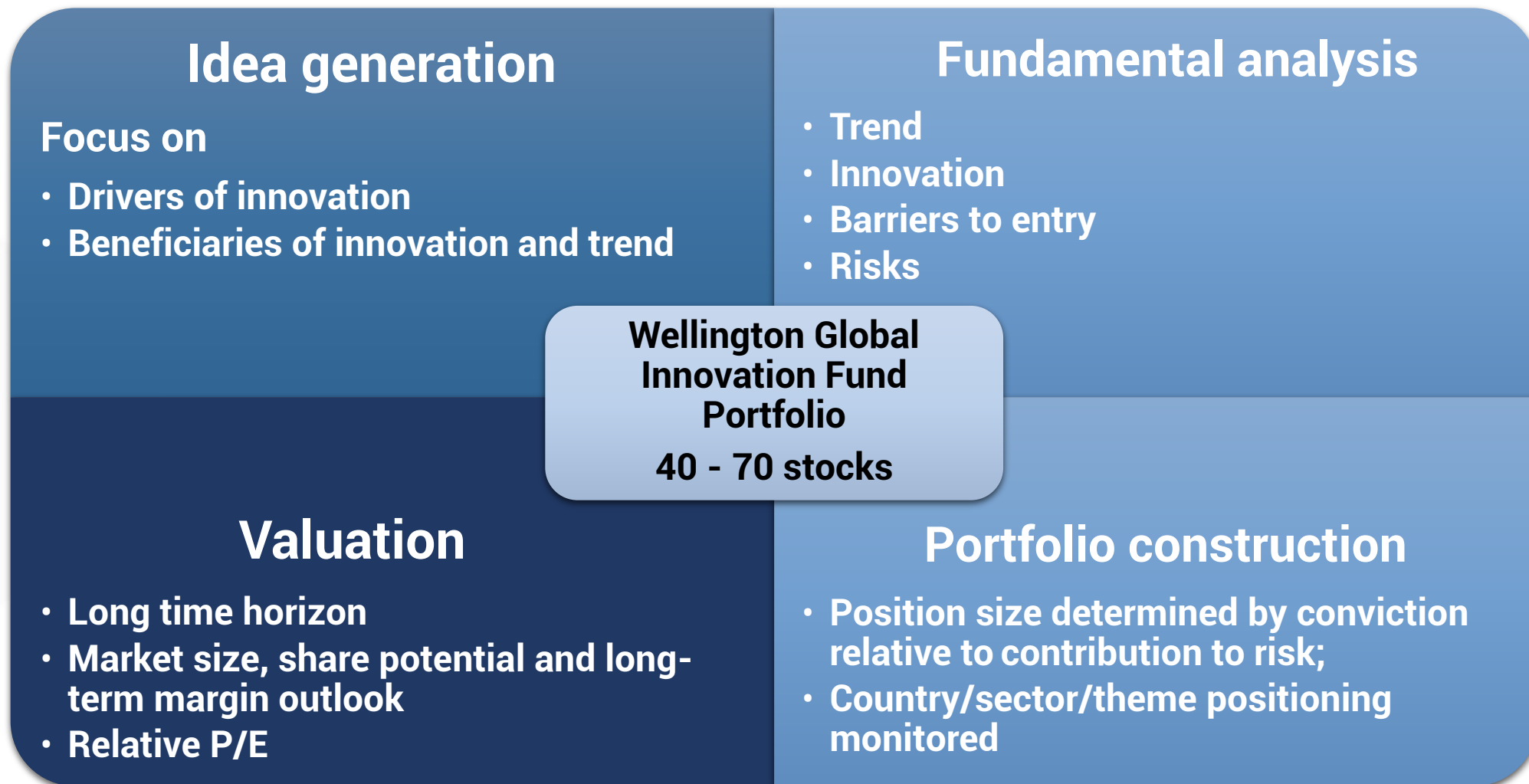
## GLOBAL INNOVATION STRATEGY

- High conviction investment approach
- Long-term perspective
- Invests globally and across sectors
- All-cap with significant small- and mid-cap exposure
- Experienced portfolio management team
- Deep understanding of innovative and disruptive growth cycles and technology-driven disruption

## KEY DIFFERENTIATORS

- Long-term focused and invested across geography, industry, size, innovation
- Wellington Management expertise across geography and industry, from private to public

The characteristics presented are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges. Source: Internal analysis of the underlying fund



## Bottom Up Stock Selection Basis TIBR Score



### TREND

- Secular and structural growth drivers
- Creating new markets versus disrupting existing markets
- Evaluate total size of the market opportunity as well as the duration, amongst other factors

### INNOVATION

- Ability to “out-innovate” rivals
  - Differentiated business model, IP or processes
  - Quality of management
- Industry capacity for change

### BARRIERS

- Industry analysis
- Competitive landscape
- Sustainability of competitive advantage: IP, technical expertise, brand, and scale

### RISKS

- Risk to trend
- Risk of being disrupted
- Company specific versus exogenous risks
- Likelihood of positive/negative outcome
- ESG considerations

<sup>1</sup>Trend, innovation, barriers, and risk.

The framework provided pertains to the underlying fund – Wellington Global Innovation Fund. Source: Internal analysis of the underlying fund



# ESG Integration

## Why is ESG Important for Innovation Investing?



ESG factors meaningfully influence industry structures  
**(Trends & Risks)**



ESG factors have a direct impact on how our managements think about optimizing long-term value  
**(Innovation & Barriers)**



ESG factors help to assess management quality which is key to durability of business  
**(Innovation)**



ESG factors are a source of information of capital allocation policy  
**(Innovation)**

- ✓ In-house proprietary research model for evaluating ESG
- ✓ When identifying and assessing companies, ESG factors often drive the TIBR scores

## PORTFOLIO CONSTRUCTION

- **Position size**  
10% maximum
- **Industry and country weights**  
Unconstrained
- **Market cap**  
All-cap
- **Cash**  
Fully invested (Typically less than 5%)
- **Style**  
Growth bias
- **Turnover**  
Low to moderate
- **Number of equity holdings**  
Typically 40 – 70
- **ESG Framework**

## RISK OVERSIGHT

### Portfolio management

- Understand what you own
- Proxy statement analysis
- Assess portfolio-level diversification
- ESG review

### Product management

- Independent portfolio analysis
- Style consistency/factor risks/stress testing
- Capacity/business risks

### Investments and risk management

- Research and insights on risk and market trends
- Independent Wellington Risk Advisory Council
- Develop new analytics/tools

### Line management and senior management review groups

- Philosophy/process/performance/characteristics
- Resource assessment

### Compliance

- Active pre- and post-trade compliance monitoring

# Global Innovation – Leveraging Firmwide Resources

## Portfolio Management Team



**Michael MASDEA**

Portfolio Manager, Head of  
Investment Science, Partner  
23 years of experience  
12 years with Wellington  
Management



**Brian BARBETTA**

Portfolio Manager, Partner  
14 years of experience  
8 years with Wellington  
Management

### ✓ **Portfolio managers are partners of the firm**

- Alignment of the interests
- Wealth maximization focus

### ✓ **Equity Resources**

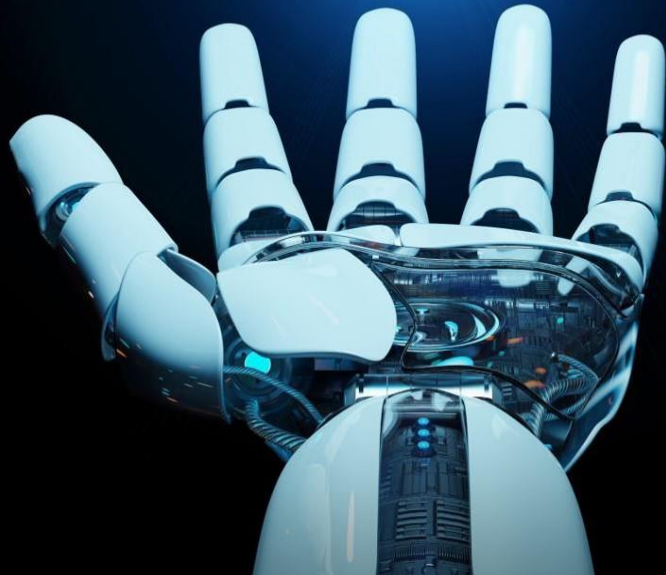
- 125 Equity Portfolio Managers & Team Analysts
- 20 Global Equity Traders
- 21 years average professional experience

### ✓ **Global Industry Research**

- 54 Global Industry Analysts
- Covering stocks across geographies and market cap ranges
- Approximately 4,100 companies
- ~ 90% of the MSCI ACWI Index

### ✓ **Sustainability Analysts**

- 6 analysts
- 14 years average professional experience





# Global Innovation – Investment Examples

# Renewable Energy Company: A Potential Beneficiary of Innovation and Trend



**Well positioned to potentially capitalize on the major shift to renewables with long term cost advantage and engineering, procurement and construction (EPC) expertise**

## ✓ Trend

- Secular tailwinds
- Solar is 1% of energy generation today, but 25% of incremental generation and forecast is it could be 80% in 15 years (source: IEA)

## ✓ Innovation

- Highly innovative with the next generation technology of thin-film CdTe (Cadmium telluride) cells leading to long-term cost advantage (truly low cost, high efficiency)

## ✓ Barriers

- Scale makes new entrants unlikely
- Competition more focused on crystalline and residential over thin film and commercial

## ✓ Risks

- Capacity growth
- Varying global subsidies
- Governmental trade policies

# Flying on the Wings of Digital Dining Disruption



## ✓ Trend

- Food delivery
- Online ordering
- Shift to fast and casual dining

## ✓ Innovation

- Asset light, digital sales
- Takeout experience
- Use of cloud CRM platform

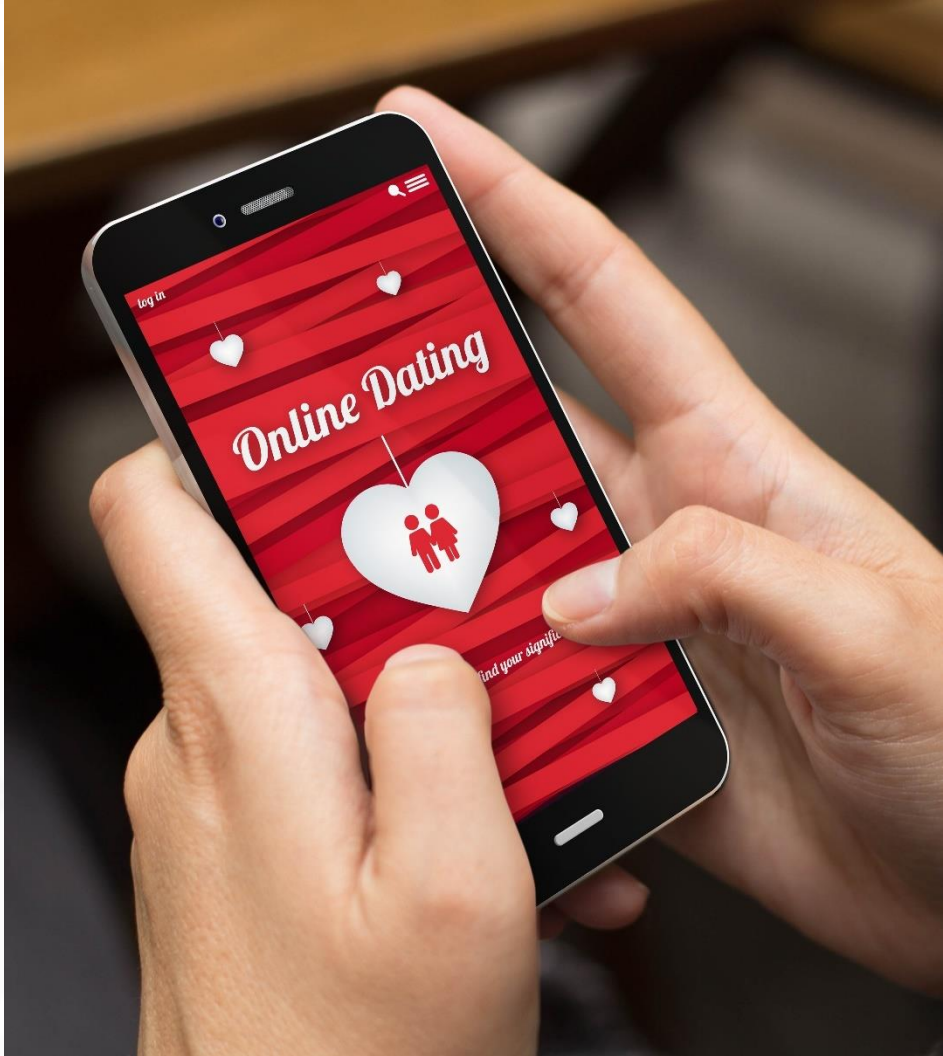
## ✓ Barriers

- Loyal customer base
- Differentiated business
- Strong brand sentiment

## ✓ Risks

- Competition
- Execution of new initiatives





## ✓ Trend

- Online dating taking share
- Mobile enables always on
- Digital safety

## ✓ Innovation

- Leader in most regions - global
- Online virtual dating

## ✓ Barriers

- Network effects

## ✓ Risks

- Competition
- Regulation

# Ecommerce Giant of Latin America (LATAM)



## ✓ Trend

- Digital payments growth in LATAM
- Benefitting from the shift in e-commerce experience
- Permanent shift in consumer behavior

## ✓ Innovation

- Broad array of payments assets
- Logistics platform that maintains delivery time commitments

## ✓ Barriers

- Network effects, brand, and data advantages
- Scale; a wide array of products at competitive prices
- Resilient balance sheet
- Experienced management team

## ✓ Risks

- Competition

# A Household Sports-brand Name – Driving Industry Innovation



## ✓ Trend

- Ecommerce strategy
- Direct to consumer shift

## ✓ Innovation

- Apparel innovation
- Better social media marketing

## ✓ Barriers

- Market leader in a large market
- Strong platform for continuous innovation

## ✓ Risks

- Fast-moving consumer demands



# Leading Provider of Financing for Renewable Energy and Beyond



## ✓ Trend

- Renewable energy
- Energy efficiency
- Sustainable infrastructure

## ✓ Innovation

- Increase resilience to climate change
- Innovative infrastructure investment

## ✓ Barriers

- Management experience
- Large and active pipeline

## ✓ Risks

- Increased competition
- Government involvement

# Chinese Technology Company: A Driver of Innovation



Movie ticket



Bill payment



Free calling



Investment



Social network



Mobile payment



User review



Group buying



Taxi order



Free messaging

**Leveraged to Significant Major Trends in Technology – the proliferation of mobile, shift to online consumption, gaming replacing passive media consumption, consumer experiences and machine learning**

## ✓ Trend

- Secular tailwinds from mobile penetration and consumption moving online

## ✓ Innovation

- Highly innovative having built a market leading position in gaming, social networking, and emerging successful payments business

## ✓ Barriers

- High barriers based on unparalleled network effects, data advantages and brand

## ✓ Risks

- Operate in highly competitive markets with uncertain path to monetizing certain assets

# Global Innovation – Sustainable Innovators and Secular Trends



## Automotive evolution

- Electric vehicles/battery
- Autonomous driving
- Shifting supply chain



## Connected world

- Mobile advertising
- On-demand media



## Climate change

- Lending
- Renewables



## Democratization of finance

- Digital banking/assets
- Smart beta investing
- Shift to fee-based



## New retail

- Blurring of offline and online



## Consumer preferences

- Experience vs things



## Artificial intelligence

- Machine learning
- Automation



## Health care innovation

- Immuno-Oncology/  
rare diseases
- Bending the cost curve





## ✓ POTENTIAL RETURN ENHANCEMENT

**Exposure to disruptive, innovative companies with structural growth opportunities**



## ✓ A SOURCE OF GROWTH

**We believe innovation can drive growth independent of the global cycle**



## ✓ DIVERSIFICATION / COMPLETION

**Exposure to companies and secular themes that tend to be under-represented in traditional strategies**



# Fund Overview Portfolio and Performance

# Wellington Global Innovation Fund Overview



<b>FUND DETAILS</b>	Fund Inception	February 2017
	Fund Assets	USD 413.0 million
	Average Market Cap	USD 365.2 billion
	Asset-Weighted Market Cap	USD 291.2 billion
<b>KEY INFORMATION</b>	Domicile	Luxembourg
	Regulatory Regime	UCITS
	Dealing Frequency	Daily
	ISIN	LU1547288214
<b>FUND CHARACTERISTICS</b>	Beta (3 Yr)	1.07
	Tracking Risk (3 Yr, Annualised)	8.3%
	Churn Ratio of the Fund	Name turnover: 26.8%, Asset turnover: 60.8%
	Liquidity Profile of the Fund	99% of the Fund could be liquidated within 4 days
	Overlap with Nasdaq 100	34.1% of Global Innovation Fund

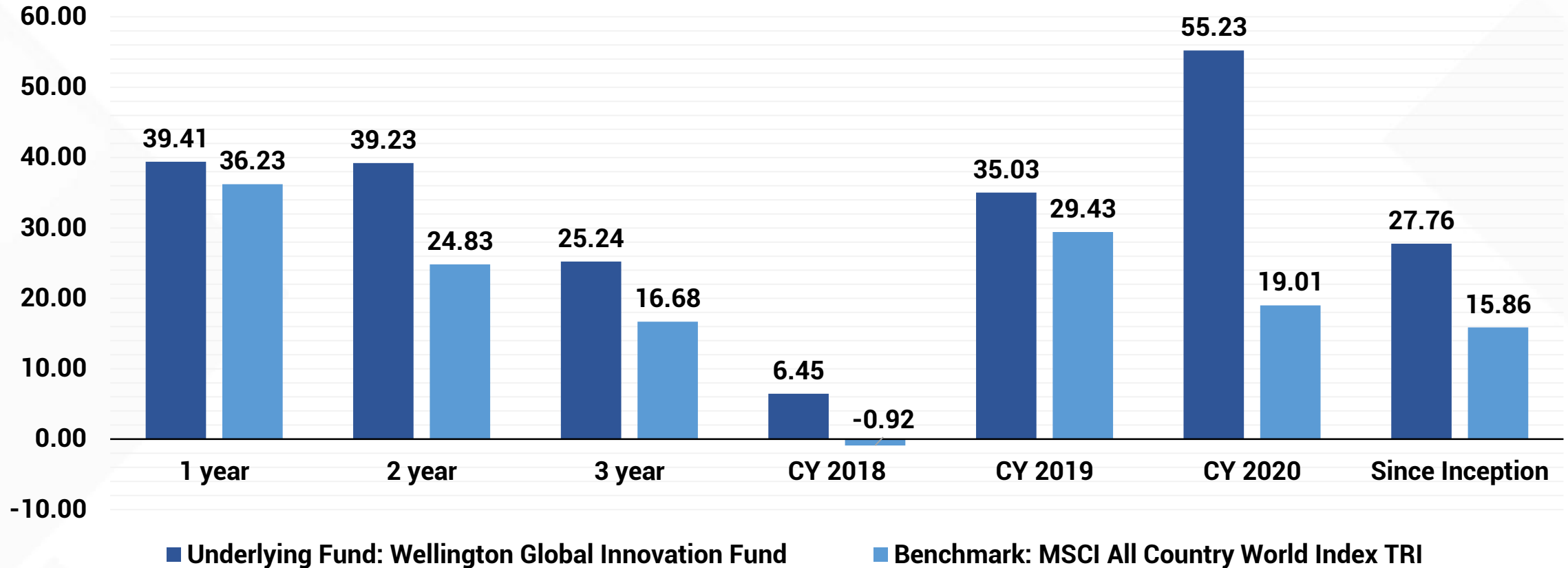
Name Turnover Ratio measures the positions that are bought or sold in the portfolio while the Asset Turnover Ratio measures the positions that are bought, added, trimmed or sold. Data as of 31-May-2021. The views / information provided relate to the underlying fund – Wellington Global Innovation Fund. Past Performance may or may not be sustained in future. Source: Underlying Fund Wellington Global Innovation Fund Factsheet, Internal analysis of the underlying fund

# Performance

*Underlying Fund has Consistently Outperformed the Benchmark*



## Returns (%)



Data is in INR. Returns as on 31-May-2021. Benchmark returns are reported as total returns net of withholding taxes. Underlying Fund returns are calculated by converting USD to INR using RBI reference rates. Performance of 2, 3 years and Since Inception are annualized. Fund Inception date February 16, 2017. The views / information / performance provided relate to the underlying fund – Wellington Global Innovation Fund and this should not be construed as the performance of Kotak Global Innovation Fund of Fund. The performance of Kotak Global Innovation Fund of Fund may vary due to reasons such as additional expenses, foreign exchange fluctuations, allocation by fund manager in the underlying fund, etc. Past Performance may or may not be sustained in future. Source: Wellington Management, MSCI



# Portfolio – Top 10 Holdings

Issuer Name	Country	Sector	Market Cap (~ USD Mn)	% Equity
Amazon.com Inc	United States	Consumer Discretionary	1,625,471	5.1
Alphabet Inc	United States	Communication Services	1,598,432	5.0
Facebook Inc	United States	Communication Services	932,102	4.1
Visa Inc	United States	Information Technology	501,332	4.0
AstraZeneca PLC	United Kingdom	Health Care	149,761	4.0
Prologis Inc	United States	Real Estate	87,172	3.4
UnitedHealth Group	United States	Health Care	388,730	3.3
China Gas Holdings	China	Utilities	20,904	2.8
Walt Disney Co	United States	Communication Services	195,815	2.8
Aptiv PLC	Ireland	Consumer Discretionary	40,683	2.6
<b>Total of Top 10</b>				<b>37.1</b>

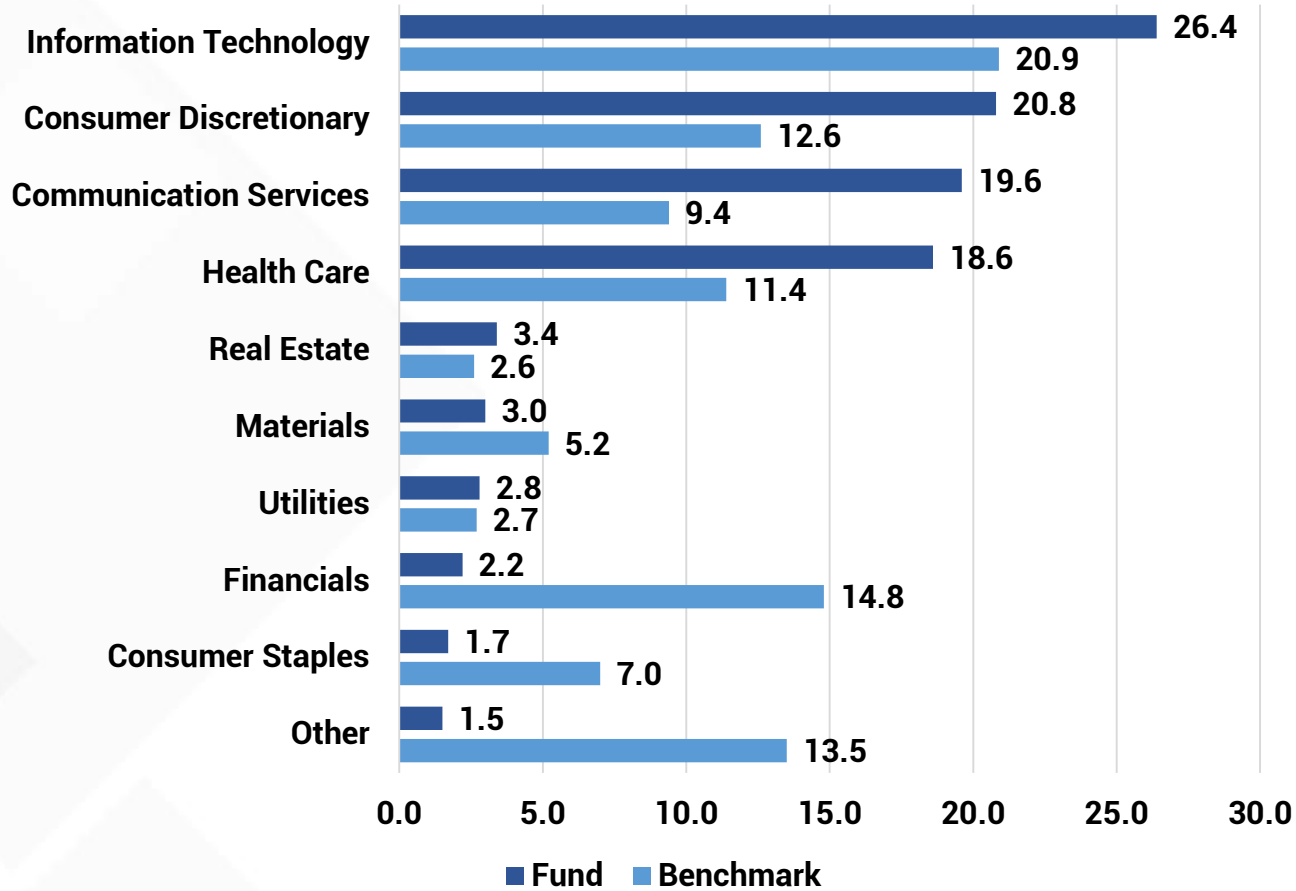
# Portfolio – Top 10 Small Caps Holdings



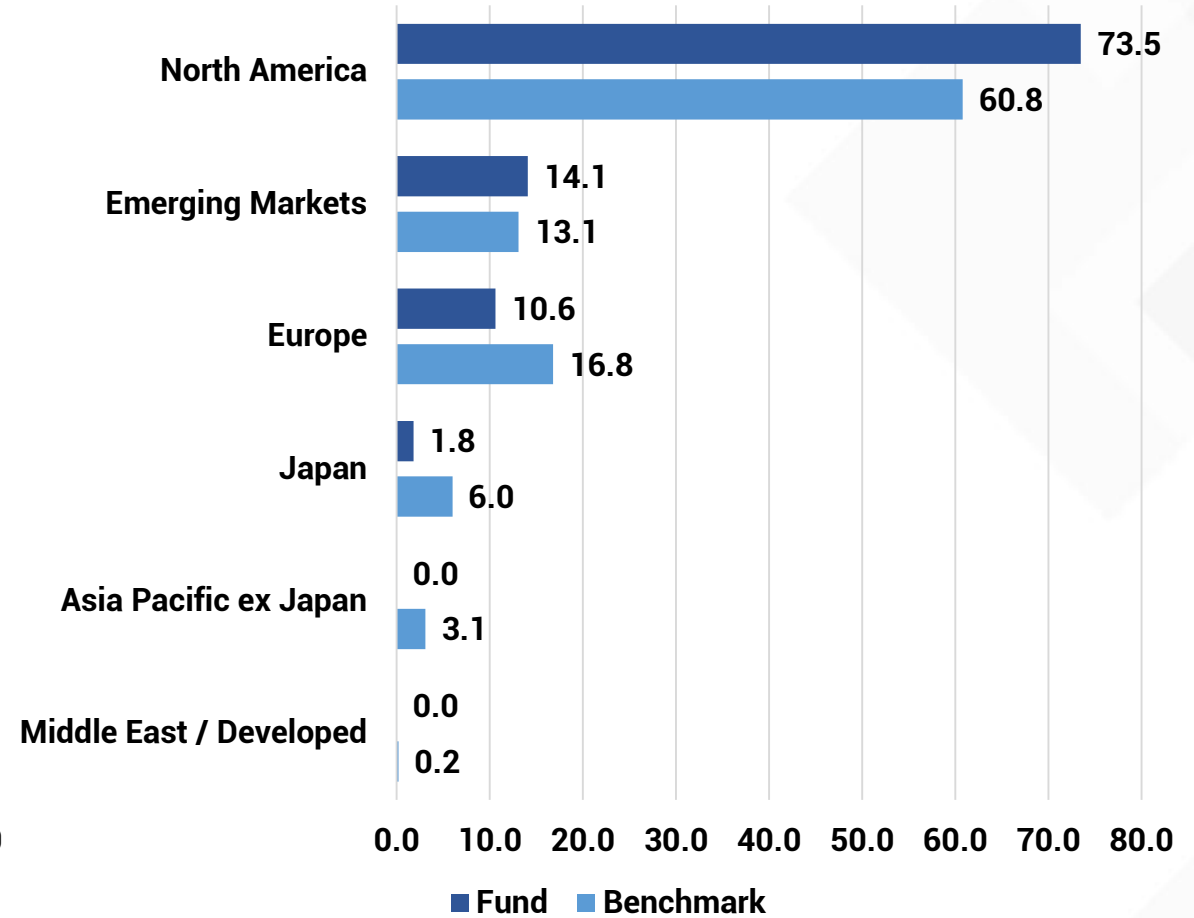
Issuer Name	Country	Sector	Market Cap (~ USD Mn)	% Equity
Health Catalyst Inc	United States	Health Care	2,390	1.8
Itron Inc	United States	Information Technology	4,303	1.6
Trainline PLC	United Kingdom	Consumer Discretionary	1,936	1.3
Genus Plc	United Kingdom	Health Care	4,676	1.3
Shake Shack Inc	United States	Consumer Discretionary	3,950	1.1
Livent Corp	United States	Materials	2,860	1.0
Land Mark Optoelectronics	Taiwan	Information Technology	838	0.6
Wingstop Inc	United States	Consumer Discretionary	4,243	0.6
REVOLUTION Medicines	United States	Health Care	2,197	0.5
Hannon Armstrong Sus	United States	Financials	3,871	0.4
<b>Total of Top 10 Small Caps</b>				<b>10.2</b>

# Sector and Regional Distribution

**SECTOR DISTRIBUTION**  
% OF TOTAL



**REGIONAL DISTRIBUTION**  
% OF TOTAL



The information provided relate to the underlying fund – Wellington Global Innovation Fund. Data as of May 2021. Totals may not add up to 100% due to rounding. Sector allocations and regional distribution will change as per the discretion of the underlying fund manager. Source: Wellington Management.

# Kotak Global Innovation Fund of Fund – Scheme Features



<b>Name of the Scheme</b>	Kotak Global Innovation Fund of Fund
<b>Type of Scheme</b>	An open-ended fund of fund investing in units of Wellington Global Innovation Fund or any other similar overseas mutual fund schemes/ETFs.
<b>Domicile of the Feeder Fund</b>	Luxembourg
<b>Plans/Options</b>	Kotak Global Innovation FOF – Regular Plan & Kotak Global Innovation FOF – Direct Plan; Options: Growth, Payout of Income Distribution cum capital withdrawal (IDCW) & Reinvestment of Income Distribution cum capital withdrawal (IDCW)
<b>Minimum Application Amount</b>	Rs. 5000/- and in multiples of Re. 1 for purchases and of Re. 0.01 for switches
<b>Minimum Additional Application Amount</b>	Rs. 1000/- and in multiples of Re. 1 for purchases and of Re. 0.01 for switches
<b>Payout date</b>	T+6 days
<b>TER – Regular</b>	2.25%
<b>Load Structure</b>	Entry Load: NIL Exit Load: For redemptions / switch outs (including SIP/STP) within 1 year from the date of allotment of units, irrespective of the amount of investment – 1% For redemptions / switch outs (including SIP/STP) after 1 year from the date of allotment of units, irrespective of the amount of investment – NIL
<b>Fund Manager</b>	Mr. Arjun Khanna
<b>Benchmark Index</b>	MSCI All Country World Index TRI
<b>SIP/STP</b>	SIP and STP are available
<b>Taxation</b>	Debt Scheme Taxation





Investors understand that their principal will be at Very High Risk

## KOTAK GLOBAL INNOVATION FUND OF FUND

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

- Long term capital growth
- Investment in units of Wellington Global Innovation Fund or any other similar overseas mutual fund schemes/ETFs.

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

The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or the model portfolio and same may vary post NFO when actual investments are made.

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

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**Thank You**