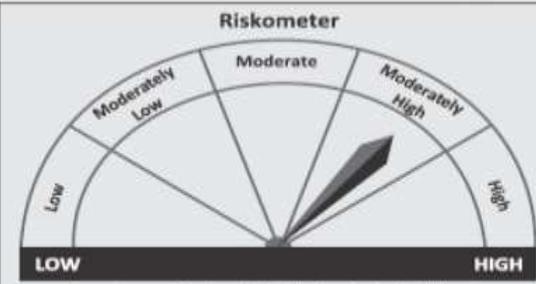


PERSONAL FINANCE INSIGHT
Kotak Focused Equity Fund

Kotak Mutual Fund has launched an open ended equity scheme, Kotak Focused Equity Fund. The investment objective of the scheme is to generate long term capital appreciation by investing in equity & equity related instruments across market capitalization of up to 30 companies.

<p>Kotak Focused Equity Fund is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term capital growth • Investment in equity & equity related securities across market capitalisation in maximum 30 stocks 	 <p>Investors understand that their principal will be at moderately high risk</p>
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	

Investment Strategy

The fund manager would maintain a concentrated portfolio of upto 30 stocks in large-cap, mid-cap and small-cap category. The portfolio construction would be based on thematic approach to bottom-up stock picking using the Business, Management and Valuation (BMV) model. The fund manager would evaluate the business environment that a company operates in, the capability of the management to execute and scale up the business and the valuation of the company based on fundamentals like discounted cash flows, PE ratios etc.

Stock selection would be based on following parameters:

Sustainable Business	• Seeking Business with strong Moats & with long term viability
Capital Efficiency	• Seeking businesses where ROCE (Return on Capital Employed) > Cost of Capital
Good Corporate Governance	• Diligent protection of minority shareholder interest
Managerial Capability	• Business Vision/Ambition and its execution are in sync
Growth At Reasonable Valuation (GARP)	• Seeking reasonable values for businesses based on growth expectation and inherent value
Long Term Investment Fit	• Prefer long term compounding ideas rather than short term tactical or event based trades

Source: Kotak Mutual Fund

Risk Management In A Concentrated Strategy:

- **Optimum Weights:** Optimum management of stock weights in the portfolio based on a> Risk Reward Ratio and b> Liquidity
- **Cash Allocation:** Generally no cash call would be taken. The fund manager would endeavour to maintain up to 7.5% of the portfolio for liquidity needs and portfolio modifications*
- **Liquidity:** Manage liquidity to minimise impact cost of portfolio turnover as well as fund flows
- **Optimize Impact Cost:** Select use of derivatives for optimizing impact cost and overcoming entry/exit limitations, if any

*The above provided limit is based upon the fund manager discretion and assessment of the necessary conditions to pursue the investment objective. These limits may change based on FM's constant appraisal of the market and business conditions and due to the evolving internal and regulatory investment framework.

Investment Objective

The investment objective of the scheme is to generate long term capital appreciation/income by investing in equity & equity related instruments across market capitalization of up to 30 companies. However, there is no assurance that the objective of the scheme will be realized.

Scheme Features	
Asset Allocation Pattern (% of total assets): Equity and Equity Related Instruments# : 65% - 100% Debt and Money Market Instruments*: 0% - 35% Units issued by REITs and InvITs: 0% - 10%	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 Fund Manager: Ms. Shibani Kurian and Mr. Harish Krishnan Mr. Arjun Khanna for investments in foreign securities
Investment Option: Growth and Dividend (Payout and Reinvestment) Minimum Application Amount: Rs.5,000 and in multiples of Re.1 for purchases and Re. 0.01 for switches	SEBI Categorisation: Focused Fund Benchmark Index: Nifty 200 TRI Index

#Subject to overall limit of 30 stocks across market capitalization.

*Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts may be up to 50% of Debt and Money Market instruments. This will also include margin money for derivative transactions.

*Money Market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.

Performances of some of the open ended equity funds managed by Kotak Mutual Fund

Scheme Name	Launch Date	Corpus (In Crs.) (May-2019)	Fund Manager	Absolute % Returns		CAGR % Returns		
				3 Months	6 Months	1 Year	3 Years	5 Years
Kotak Standard Multicap Fund	11-Sep-09	25531.08	Harsha Upadhyaya	4.78	10.47	9.66	15.09	15.04
Kotak Bluechip Fund	04-Feb-03	1388.25	Harish Krishnan	3.79	9.05	6.76	10.8	10.99
Kotak India EQ Contra Fund	27-Jul-05	852.71	Shibani Kurian	3.22	8.33	6.09	15.51	11.51
Kotak Equity Opportunities Fund	09-Sep-04	2592.73	Harsha Upadhyaya	2.94	8.65	7.31	13.54	13.31
Kotak Infrastructure & Economic Reform Fund	25-Feb-08	399.7	Harish Krishnan	6.11	9.63	3.55	9.35	10.69
Kotak Emerging Equity Scheme	30-Mar-07	4326.31	Pankaj Tibrewal	2.21	5.01	0.10	11.42	16.28
Kotak Tax saver Fund	23-Nov-05	934.61	Harsha Upadhyaya	6.09	11.17	11.72	14.29	13.85
Kotak Equity Savings Fund	13-Oct-14	2158.2	Abhishek Bisen, Arjun Khanna, Harish Krishnan	2.05	4.36	5.91	8.49	--
Kotak Balanced Advantage Fund	03-Aug-18	2806.67	Abhishek Bisen, Arjun Khanna, Harish Krishnan	3.19	6.73	--	--	--

Source: Source for entire data stated above is ICRA Online Ltd. (For Disclaimer of ICRA Online Ltd, refer <http://www.icraonline.com/legal/standard-disclaimer.html>) – Data as on 25th June 2019. Returns figures are absolute for <= 1 year and compounded annualized for > 1 year.

Recommendation

The fund endeavors to invest in upto 30 stocks across large cap, mid-cap and small cap stocks hence, the volatility in the fund may be higher than a diversified equity fund. The fund is recommended for investors who are looking to invest in focused category of fund with an investment horizon of 2-3 years period. The returns of the fund would be dependent on the potential equity market upside.

NFO Period: 25 June 2019 – 9 July 2019

Standard Risk Factors: • Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. • As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee. • Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme. • Kotak Focused Equity Fund is only the name of the scheme, and does not in any manner indicate either the quality of the scheme or its future prospects and returns. • The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs.2,50,000 made by it towards setting up the Fund. • The present scheme is not a guaranteed or assured return scheme.

Disclaimer: This document has been prepared on the basis of publicly available information, internally developed data and other sources believed to be reliable. HDFC Bank Limited ("HDFC Bank") does not warrant its completeness and accuracy. This information is not intended as an offer or solicitation for the purchase or sale of any financial instrument / units of Mutual Fund. Recipients of this information should rely on their own investigations and take their own professional advice. Neither HDFC Bank nor any of its employees shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material. HDFC Bank and its affiliates, officers, directors, key managerial persons and employees, including persons involved in the preparation or issuance of this material may, from time to time, have investments / positions in Mutual Funds / schemes referred in the document. HDFC Bank may at any time solicit or provide commercial banking, credit or other services to the Mutual Funds / AMCs referred to herein. Accordingly, information may be available to HDFC Bank, which is not reflected in this material, and HDFC Bank may have acted upon or used the information prior to, or immediately following its publication. HDFC Bank neither guarantees nor makes any representations or warranties, express or implied, with respect to the fairness, correctness, accuracy, adequacy, reasonableness, viability for any particular purpose or completeness of the information and views. Further, HDFC Bank disclaims all liability in relation to use of data or information used in this report which is sourced from third parties.

HDFC Bank House, 1 st Floor, C.S. No. 6 \ 242, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Phone: (91)-22-66521000, ext 1311, Fax: (91)-22-24900983 \ 24900858