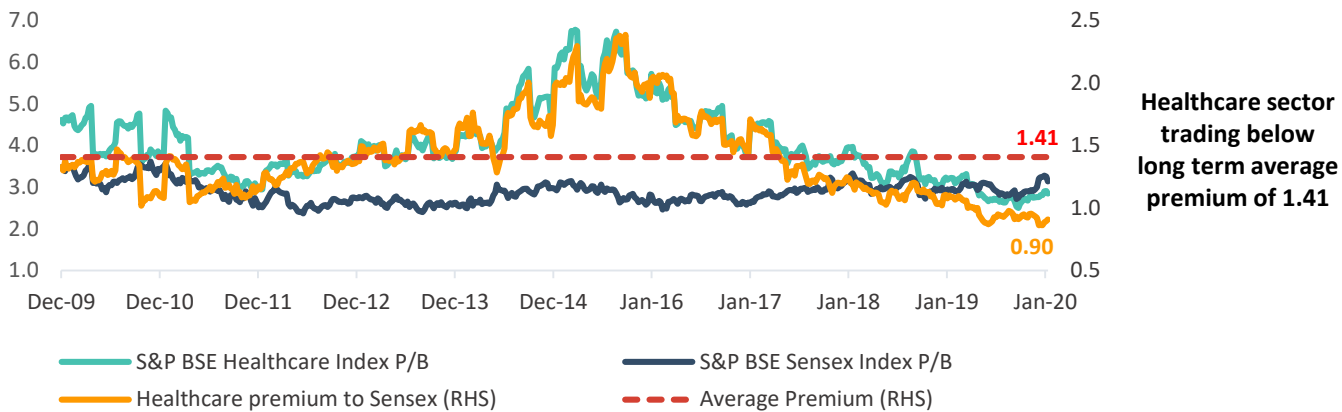


**PERFORMANCE OF THE HEALTHCARE SECTOR OVER THE LAST DECADE**



Source: Internal, MFIE. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The figure mentioned for performance of the index should not construe as returns/performance of the Scheme. It is not possible to invest directly in an index.

**Healthcare sector valuations correcting from Dec 14 highs to its lowest in a decade. Quoting at a discount to overall market valuations**

**KEY CHANGES IN HEALTHCARE SECTOR SINCE 2019**

**Reducing Competition**

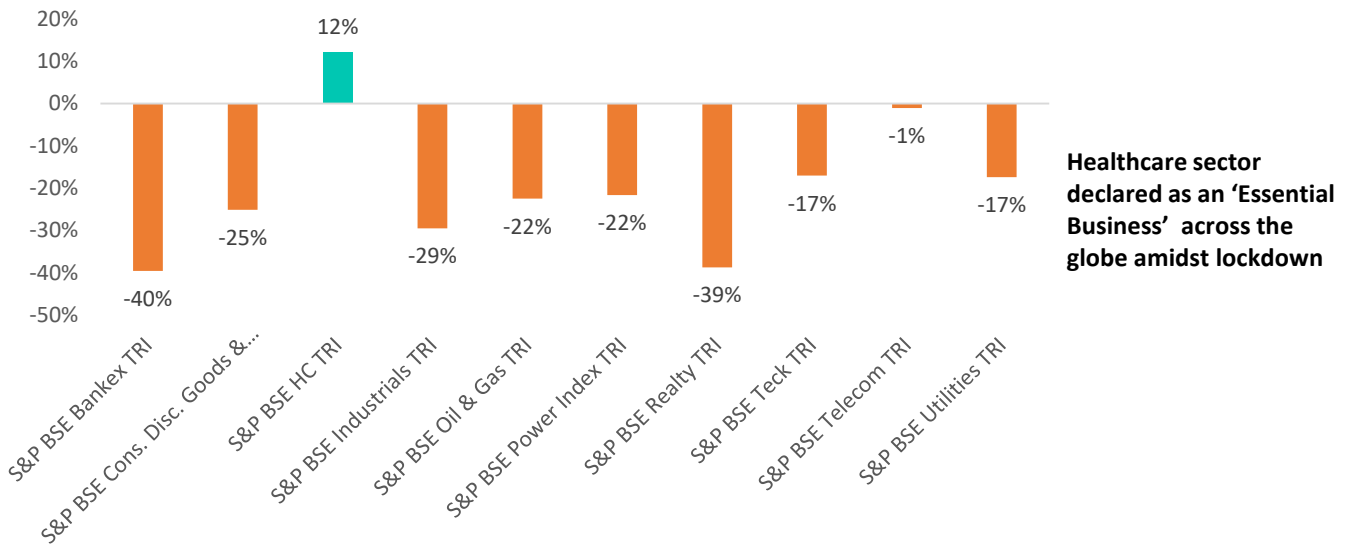
Fewer companies entering business  
Many US companies filing bankruptcy

**Consolidating product portfolios**

Many companies have reduced the number of their product offerings

**5 year long correction due to business slowdown => Portfolios likely Underweight Healthcare Any improvement in the business cycle on the margin likely to drive inflows**

**COVID-19 EFFECT : 2020 CYTD PERFORMANCE ACROSS SECTORS**



Source: Internal, MFIE. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The figure mentioned for performance of the index should not construe as returns/performance of the Scheme. It is not possible to invest directly in an index.

**Healthcare companies running at 50-60% capacity utilization vs 0% in most other sectors => Likelihood of rotation from deeply affected sectors into healthcare**

**IMPACT OF COVID-19 ON THE HEALTHCARE SECTOR**

**Supply:**

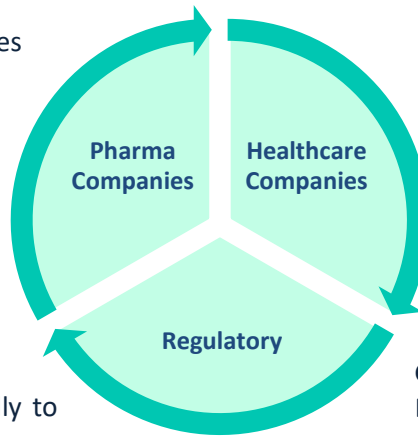
60%-80% raw materials from China.  
Normalization of manufacturing activities  
=> **Chances of shortage remote now**

**Demand:**

Indian cos with ability to manufacture drugs for treatment of COVID-19  
=> **Could benefit meaningfully**

**Government Incentives**

Manufacture raw materials domestically to reduce excessive reliance on China.



**Supply:**

Many hospitals and diagnostic labs have seen service disruption

**Demand:**

Hospital chains willing to treat COVID-19 patients. No longer term impact due to low profit per test

**Government Incentives**

Expected for hospitals & diagnostics due to ICU beds & testing kits shortage

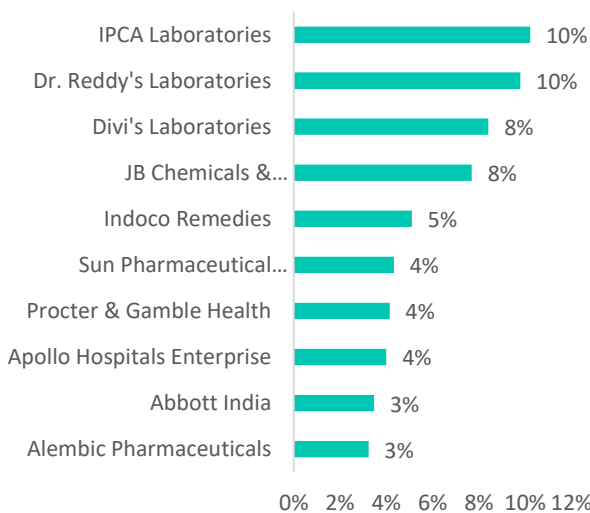
*Disruptions caused by Covid-19 more temporary in nature  
Criticality of sector combating the virus likely to result in benefits outweighing issues*

Source: Internal

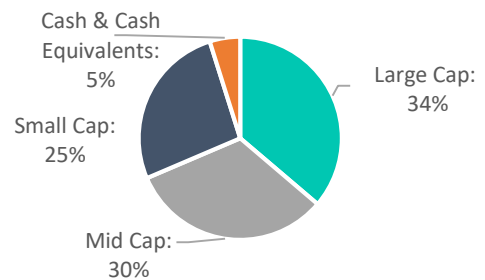
**DSP HEALTHCARE FUND - Exposure to domestic healthcare spends & export opportunities**

**Month-end portfolio snapshot – Mar 31<sup>st</sup> 2020**

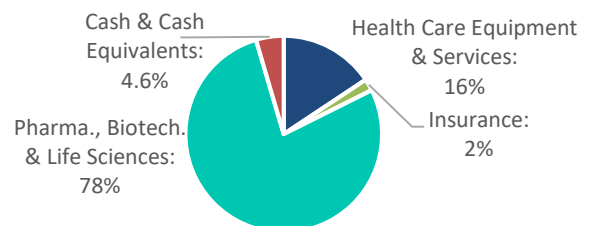
**Top 10 Holdings**



**Market Cap Break-up**



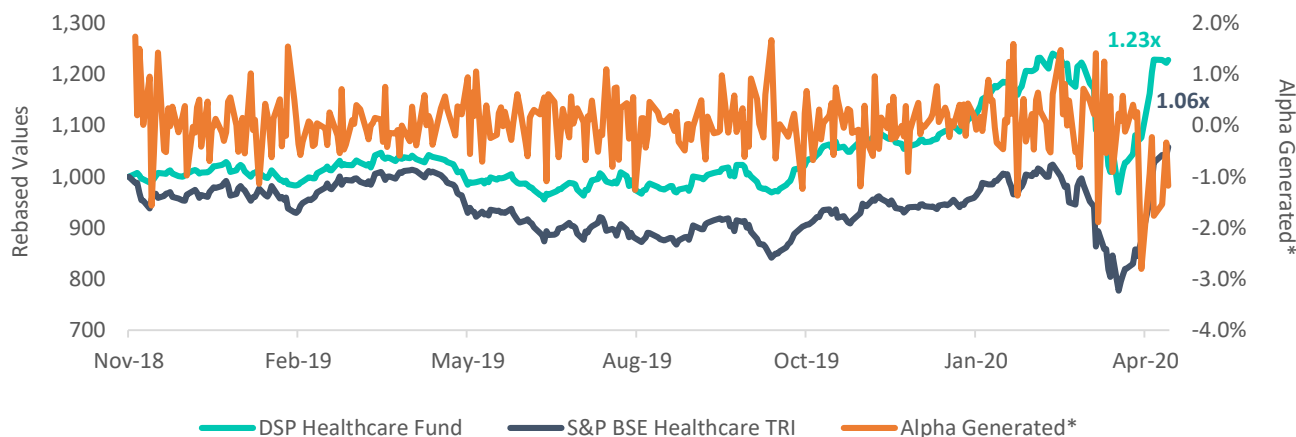
**GICS Industry Group Classification**



Source: Internal, Bloomberg. Portfolio & Market cap data as on March 31, 2020. Large-Cap are the securities ranked by full market capitalization between 1 to 100, mid cap are between 101 to 250 and small cap are securities beyond rank 250. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and may or may not have any future position in these sector(s)/stock(s)/issuer(s).

**Exposure across categories provides diversification and potentially better risk adjusted returns**

PERFORMANCE COMPARISON



Point to Point Returns as on April 16, 2020		DSP Healthcare Fund	S&P BSE Healthcare TRI	Alpha Generated*
	1 year	17.95%	4.41%	13.54%
	Since Inception	16.09%	4.20%	11.89%

Source: Internal | \* Alpha Generated = DSP Healthcare Fund – S&P BSE Healthcare Index | Data as of April 16, 2020 | Performance highlighted for Regular Plan and Growth Option | Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. For performance of this scheme and other schemes managed by the same fund manager in SEBI prescribed format, kindly click [here](#). Please refer SID for information of the model.

CURRENT PORTFOLIO ACTIVITY\*

PORTFOLIO THEMES	% ALLOCATION	RATIONALE & OUTLOOK
Domestic Focused Companies	40%	<ul style="list-style-type: none"> <li>✓ Companies having majority cashflows from India business which is expected to grow secularly at 8%-10%</li> </ul>
Diagnostic Laboratories	2%	<ul style="list-style-type: none"> <li>✓ Business has significant brand value.</li> <li>✓ Domestic volumes in the business to grow at 10%-15%</li> </ul>
Hospitals	8%	<ul style="list-style-type: none"> <li>✓ Capex cycle about to end and current RoE is low.</li> <li>✓ With lesser losses from new capacity, RoE will improve.</li> <li>✓ Low teen topline growth.</li> </ul>
Health Insurance	2%	<ul style="list-style-type: none"> <li>✓ Severely underpenetrated industry.</li> <li>✓ Penetration to improve as per capita income rises.</li> </ul>
Contract Research and Manufacturing	18%	<ul style="list-style-type: none"> <li>✓ Migration of demand from China to boost volumes.</li> <li>✓ Industry likely to do high capex to cater to a highly profitable demand</li> </ul>
Export Focused Pharma companies	13%	<ul style="list-style-type: none"> <li>✓ Supply contracting in certain segments.</li> <li>✓ RoE to improve as pricing stabilises.</li> </ul>
Evolving Generic companies	5%	<ul style="list-style-type: none"> <li>✓ Innovation is a long gestation endeavour.</li> <li>✓ Innovation would secure 15 years of profitable cashflows.</li> </ul>
US Healthcare	6%	<ul style="list-style-type: none"> <li>✓ Potential disruptors of traditional healthcare.</li> <li>✓ Expect mid teen bottom line growth for the sector</li> </ul>

Source: Internal | \* Portfolio Data as on March 31, 2020. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and may or may not have any future position in these sector(s)/stock(s)/issuer(s).

In this material DSP Investment Managers Pvt. Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Information gathered and used in this material is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

Please refer to the SID for investment pattern, strategy and risk factors which is available at [www.dspim.com](http://www.dspim.com). For Index disclaimer [click here](#)

**The strategy mentioned has been currently followed by the Scheme and the same may change in future depending on market conditions and other factors. There is no guarantee of returns/income generation in the Scheme. Further, there is no assurance of any capital protection/capital guarantee to the investors in the Scheme.**

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All figures and other data given in this document for the fund are as on April 20, 2020 (unless otherwise specified) and the same may or may not be relevant in future and the same should not be considered as solicitation/ recommendation/guarantee of future investments by DSP Investment Managers Pvt. Ltd. or its affiliates. Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of DSP Mutual Fund.

**For complete details on risk factors, event of suspension of subscriptions and more details, investors are requested to read the Scheme Information Document (SID) of the Scheme.**

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

Scheme	Type of Scheme & Product Suitability	Riskometer
DSP Healthcare Fund <i>(An open ended equity scheme investing in healthcare and pharmaceutical sector)</i>	The Open ended equity scheme is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in equity and equity related Securities of healthcare and pharmaceutical companies</li> </ul>	 <p>Investors understand that their principal will be at high risk</p>

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