

**NFO Period**

**8<sup>th</sup> – 22<sup>nd</sup>  
January  
2024**

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# **DSP Multicap Fund**

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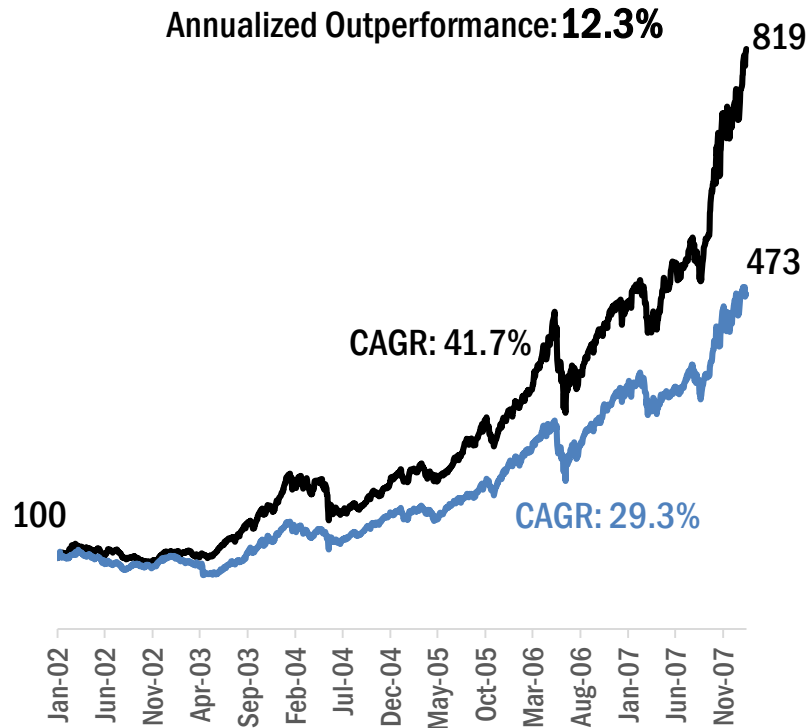
**Multi-Style. Multi-Sector. Multi-Cap.**

**An open ended equity scheme investing across large cap, mid cap, small cap stocks**

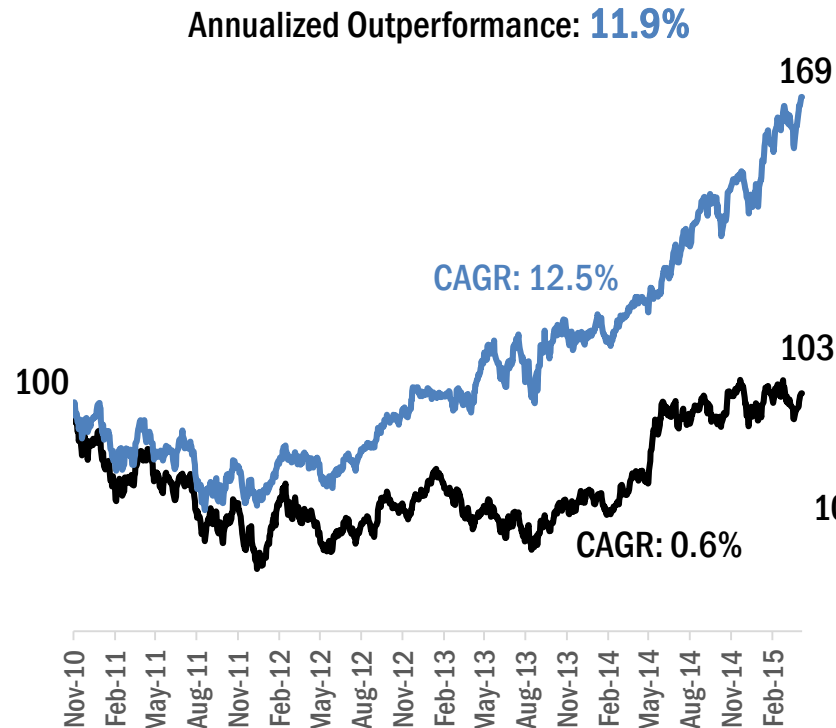
**DSP**  
**MUTUAL FUND**

# 'Multi Style' – Because different styles do well at different phases

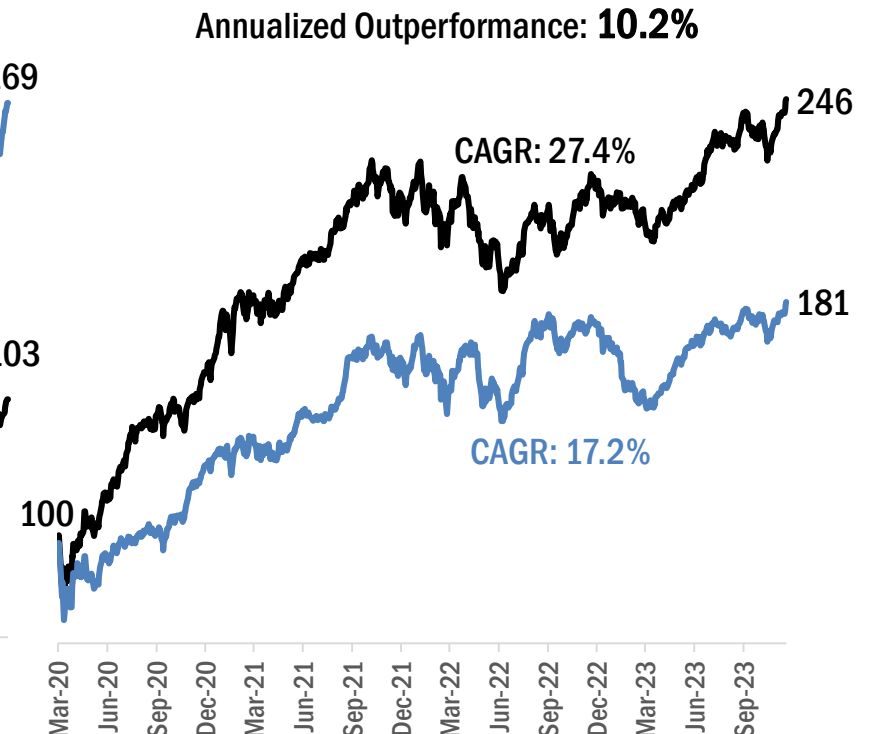
Value outperformed Growth  
Jan-2002 to Nov-2007



Growth outperformed Value  
Nov-2010 to Apr-2015



Value outperformed Growth  
Mar-2020 to Nov-2023



— Value — Growth

# 'Multi Sector' – Because opportunities are distributed across segments...

Certain opportunities are present only in certain segments

Industry	Availability of Companies in		
	Large Cap	Mid Cap	Small Cap
Oil & Gas	✓	✓	✓
IT Services	✓	✓	✓
Banks	✓	✓	✓
Insurance	✓	✓	✗
Automobiles	✓	✗	✗
Pharmaceuticals	✓	✓	✓
Construction Materials	✓	✓	✓
Passenger Airlines	✓	✗	✗
Capital Markets	✗	✓	✓
Building Products	✗	✓	✓
Machinery	✗	✓	✓
Biotechnology	✗	✓	✗
Media	✗	✓	✓
Entertainment	✗	✗	✓
Semiconductors	✗	✗	✓

“Fish where the fish are”

– Charlie Munger

Source: Bloomberg, Internal. Industry classification based on Global Industry Classification Standard. Nifty 500 companies as of 31-Oct-2023 are taken for consideration. Large-caps are defined as top 100 stocks on market capitalization, mid-caps as 101-250, small-caps as 251 and above. Oil & Gas - Oil, Gas & Consumable Fuels. Semiconductors - Semiconductors & Semiconductor Equipment. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

# 'Multi Cap' – Because winners keep changing

## Winners keep changing

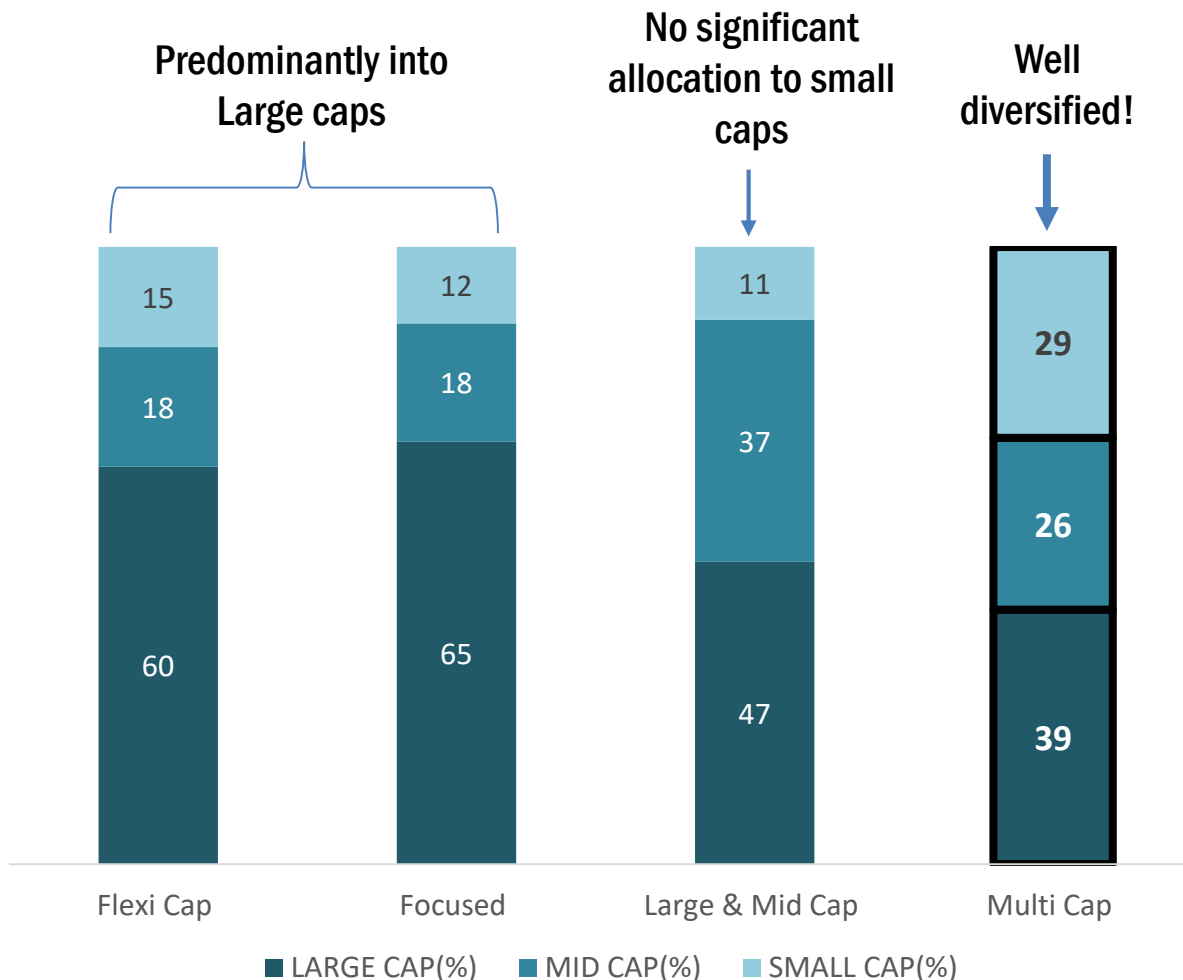
In the last 17 years,  
**Large caps** were top performers in **7 years**  
**Midcaps** were top performers in **3 years**  
**Small caps** were top performers in **7 years**

## Helps you ride the growth story of winners

Good businesses deliver strong returns even after becoming bigger and a Multicap approach helps you stay invested in them

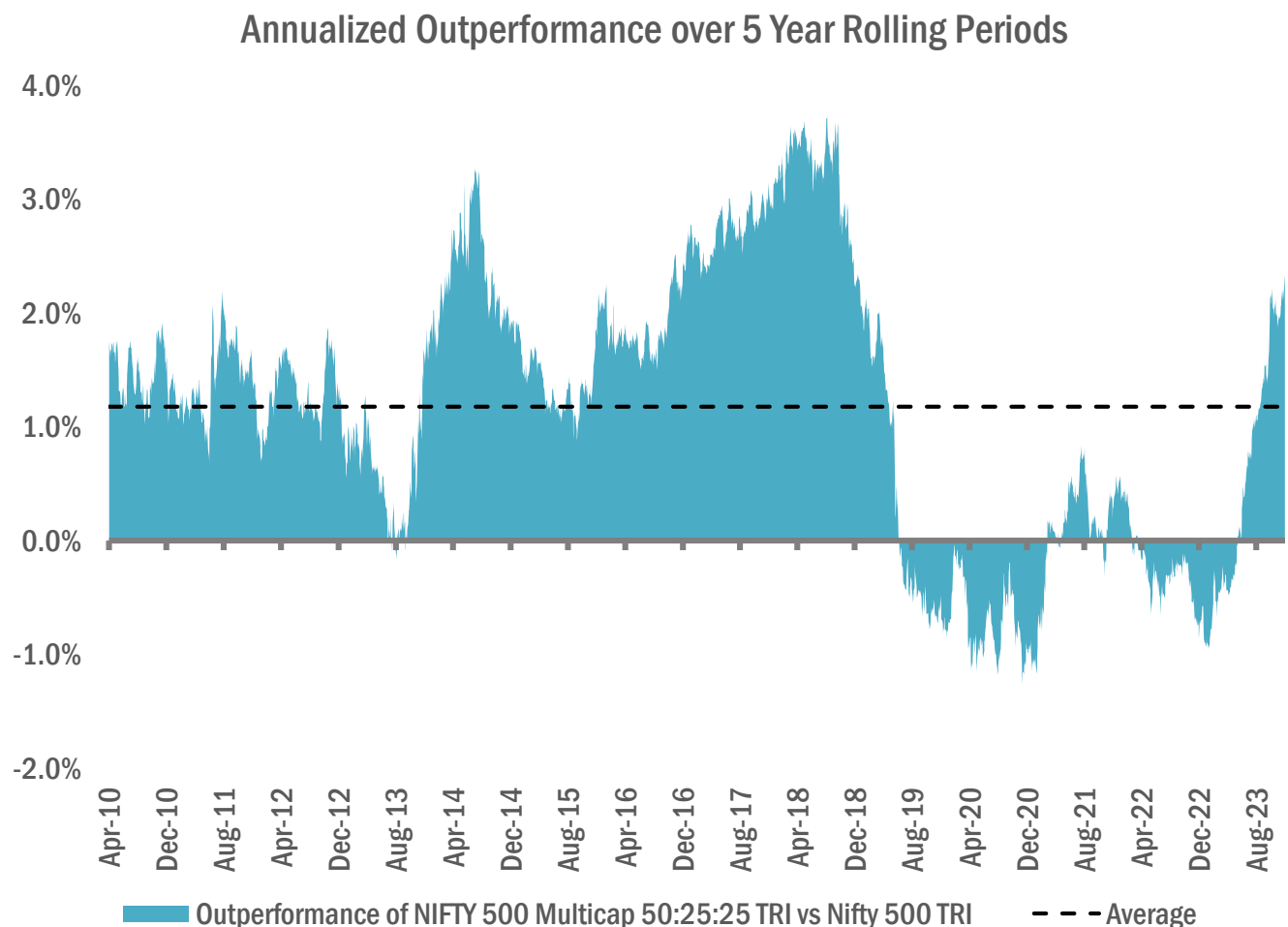
### Market Cap Migration Since 2017

	No of Companies	Median CAGR post migration
Stocks migrated from Small caps to Mid caps	27	35%
Stocks migrated from Mid caps to Large caps	13	17%



Source: MFI Explorer, AMFI, Internal. Data for Winners Keep Changing is for the period CY 2006 to CY 2022. Data for Market Cap Migration is taken from Dec 2017 to Jun 2023 – period for which AMFI Market Cap Classification is available. The chart on the right shows average market cap allocation of funds available under each category as on 31-Oct-2023. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.** The investment approach / framework/ strategy / portfolio / other data mentioned herein are proposed to be followed by the scheme and the same may change in future depending on market conditions and other factors.

# Dedicated market cap exposure makes a difference



Despite investing in the same set of stocks, the multicap strategy has outperformed Nifty 500, almost 8 out of 10 times!

Why?

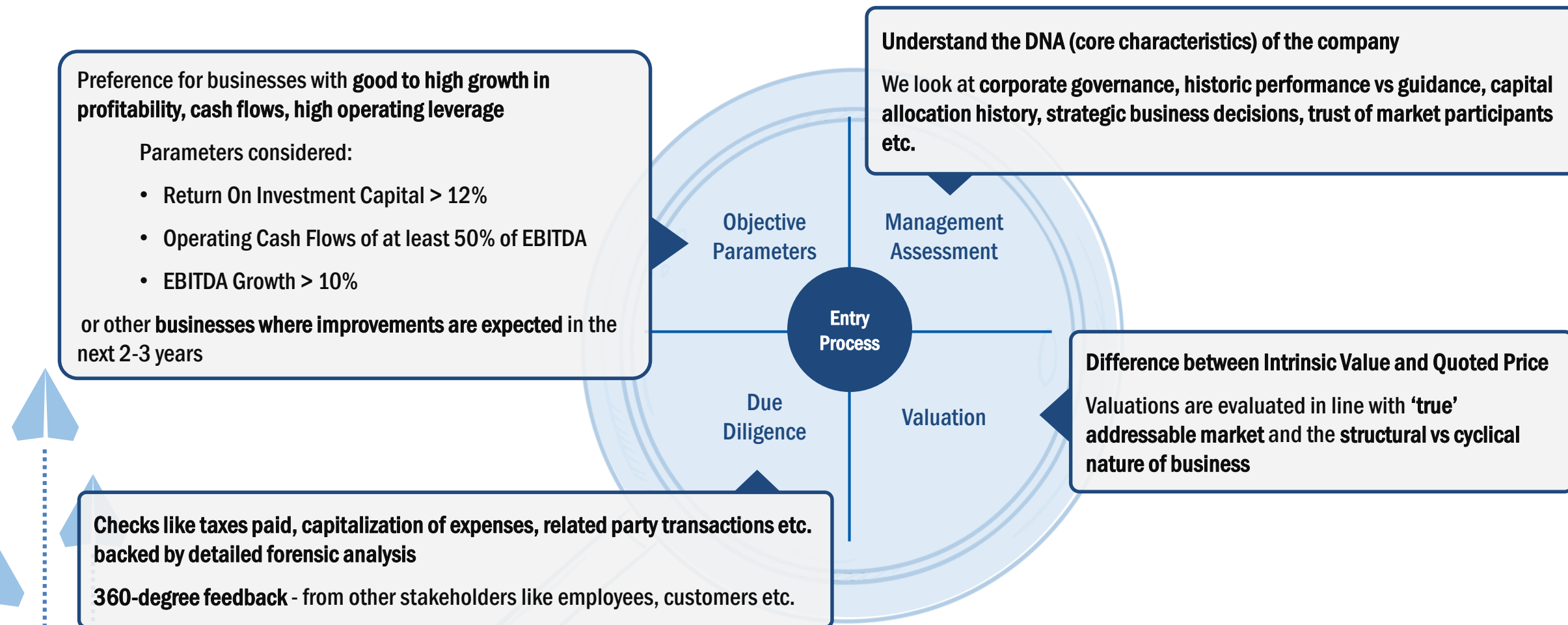
Simple brilliance of **Diversification & Rebalancing!**

- Better exposure to mid & small caps: 50% in Multicap index versus just ~25% in Nifty 500
- Timely rebalancing: Multicap automatically cuts down exposure of 'in-favour' segments and adds exposure to 'out-of-favour' segments

Source: Internal. Index Values from MFI Explorer. Data Period: 01-Apr-2005 to 30-Nov-2023. Nifty 500 Multicap 50:25:25 Index and Nifty 500 Index portfolio details are as of 31-Oct-23. Nifty 500 Multicap 50:25:25 Index is rebalanced on a semi-annual basis. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index/Model and do not in any manner indicate the returns/performance of any of the schemes of DSP MF.**

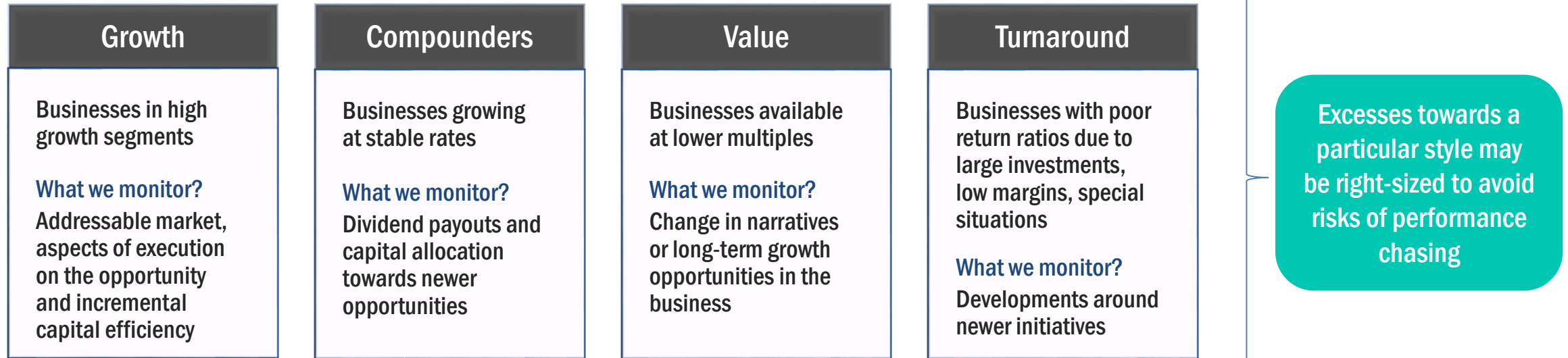
# INVESTMENT FRAMEWORK

# Here is how we will do our bottom-up stock selection...



# Here's how we will construct your portfolio

Investments will fall under the below four buckets



## DSP Multicap Fund - Fund Structure



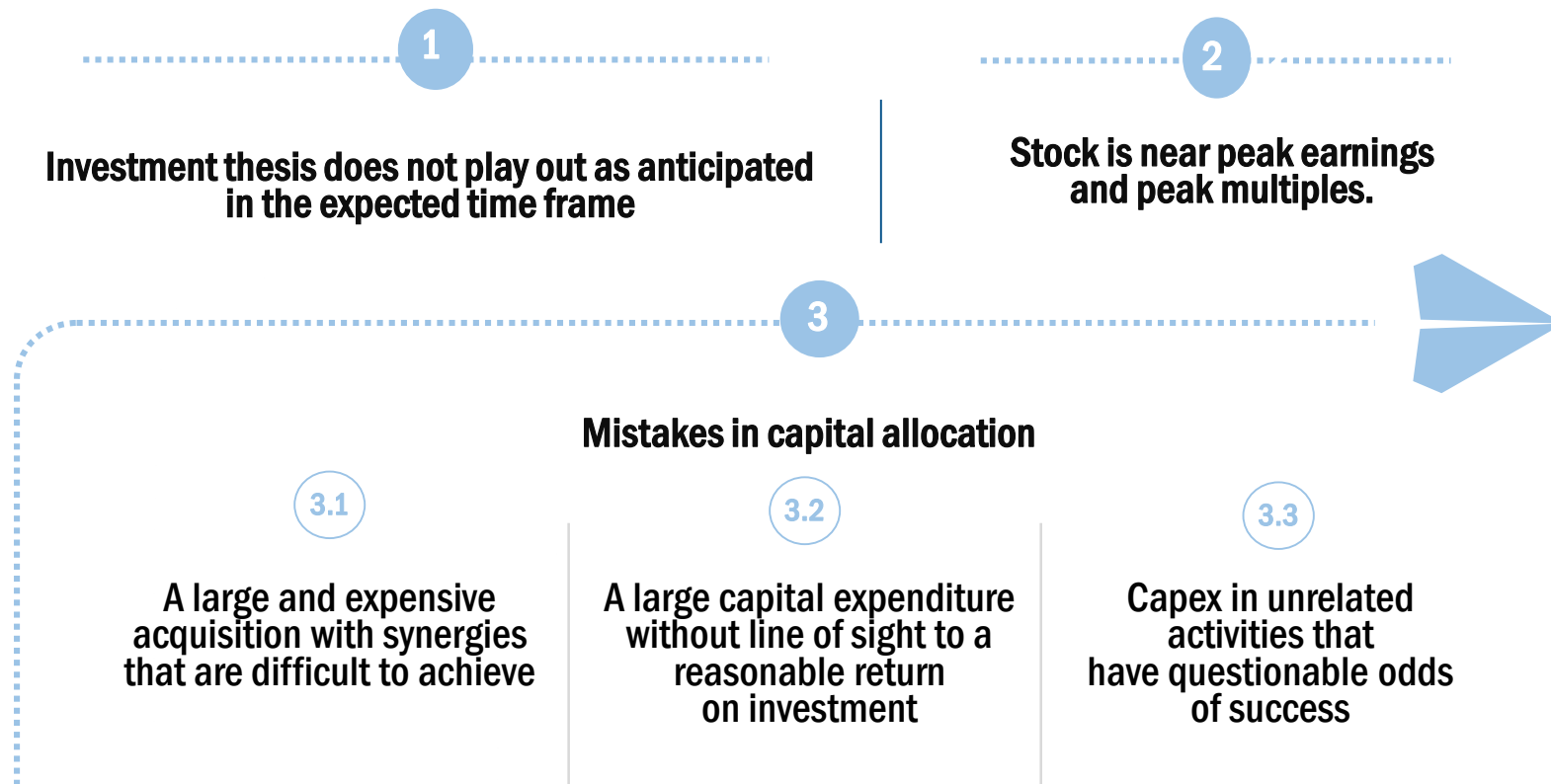


# Here is when we will sell...

High valuation alone is not a good reason to sell a stock.

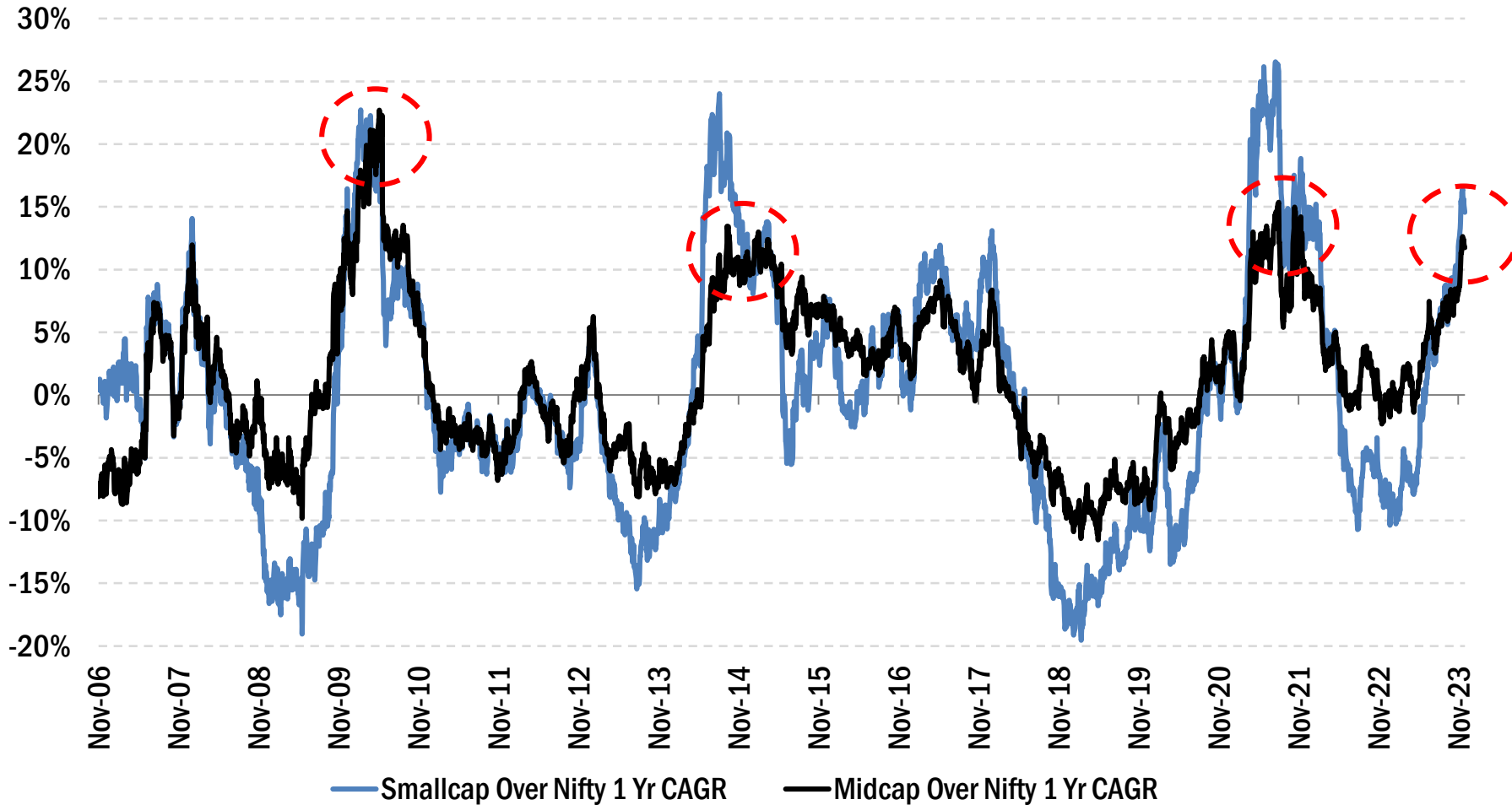
Business cycle being close to peak or narrative around the growth potential being **flawed** is important in exit decisions!

## Exit Process



# HOW TO INVEST?

# Currently, Mid & Small Caps may have reached cyclical extremes

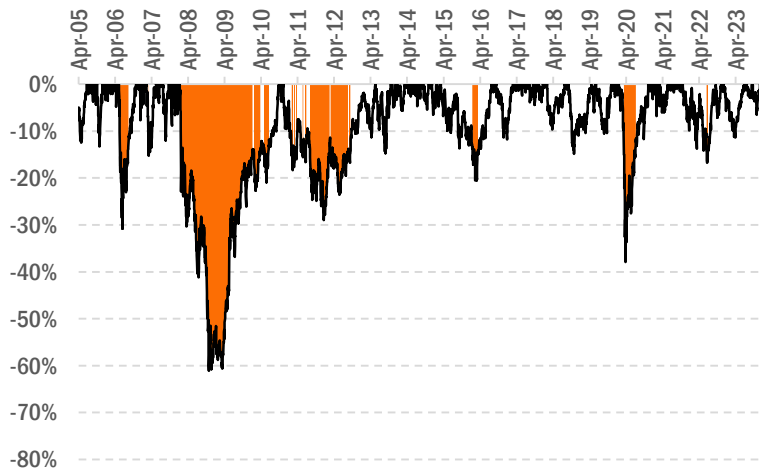


Small & Midcap stocks have outperformed large cap stocks by a wide margin and are also now more expensive on a trailing basis.

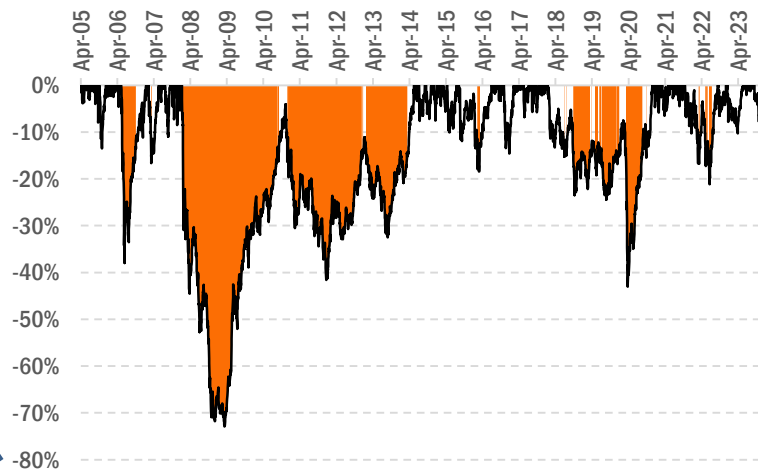
This leaves room for relative underperformance of the small & mid cap segment versus large caps in the near term.

# Mid & Small Cap exhibit higher drawdowns relative to large caps

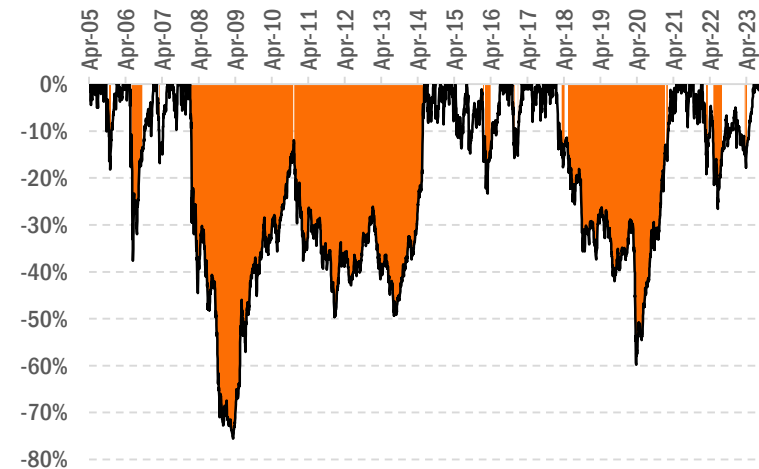
Large Cap  
Maximum Drawdown



Mid cap  
Maximum Drawdown



Small Cap  
Maximum Drawdown



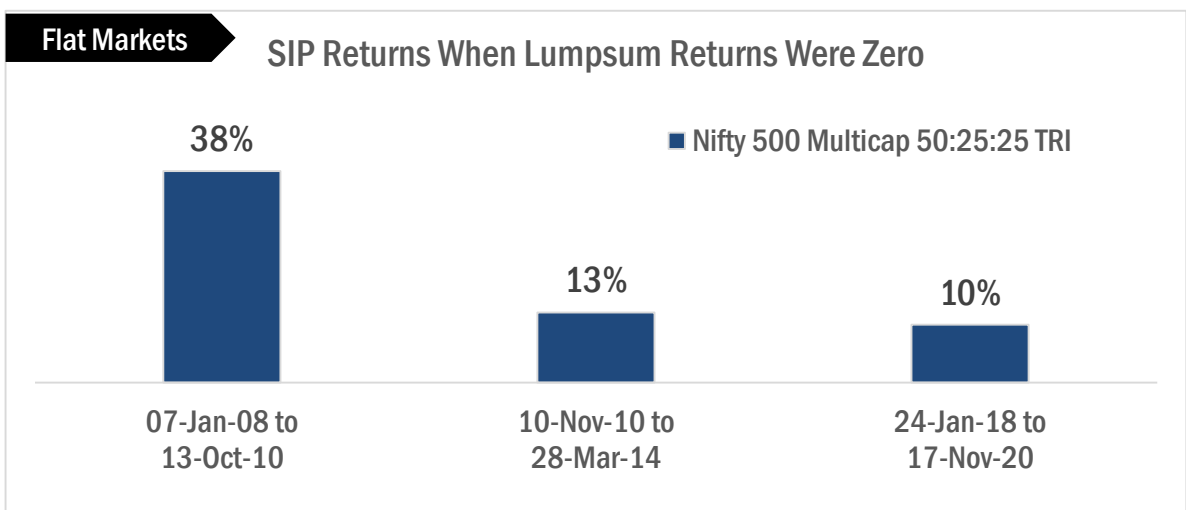
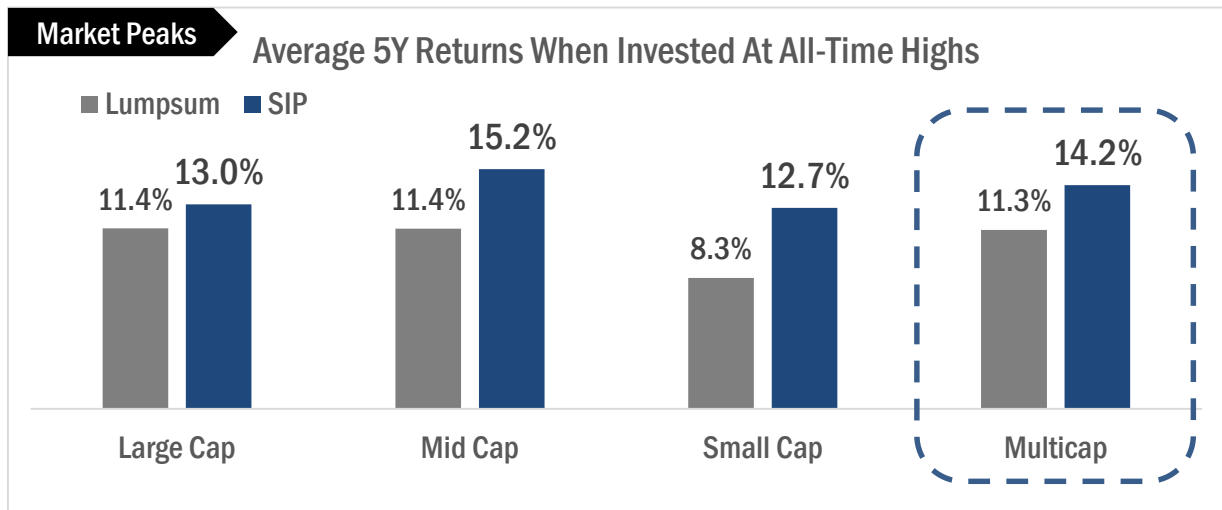
Phases with Drawdown over 15%

Historically, drawdowns in mid & small have been excellent opportunities to collect more units which resulted in better returns when the market went up eventually!

More Units x Higher NAV → Wealth Creation

# So, how to invest in the fund?

## SIPs - Better strategy during Market Peaks as well as Flat Markets



## We prefer systematic investment options at this juncture



And a quick word on Lumpsum...  
 Go for Lumpsum investments only if you have a long timeframe of 7+ years.

\*Refer next slide to know more on Super STP

Source: Internal. Index Values from MFI Explorer. Data Period for Market Peaks: 01-Apr-2005 to 30-Nov-2023. Largecap – Nifty 100 TRI. Midcap – Nifty Midcap 150 TRI. Small cap – Nifty Smallcap 250 TRI. Multicap - Nifty 500 Multicap 50:25:25 TRI. SIP – Systematic Investment Plan. STP – Systematic Transfer Plan. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index and do not in any manner indicate the returns/performance of any of the schemes of DSP MF.**

# Super STP – Aims to provide a better, smoother investment experience

## What is a Super STP?

Amount transferred from source scheme to target scheme will vary dynamically based on **equity valuations**.

Equity valuations are determined by our proprietary valuation model built using **Price to Earnings, Price to Book Value and Bond Yield vs Earnings Yield**.

## How does it work?



CHEAP Valuations → Transfers **HIGHER** amounts to target scheme



EXPENSIVE Valuations → Transfers **LOWER** amounts to target scheme

## Performance Snapshot

5 Year Rolling Returns	Super STP	Normal STP	Lumpsum
Average CAGR	15.3%	12.6%	13.1%
% of times returns			
> 12%	79%	56%	60%
> 10%	91%	79%	70%
> 7%	98%	89%	85%

Outperformance of Super STP over 5 Year Rolling Periods	Vs Normal STP	Vs Lumpsum
Average Outperformance	2.8%	2.3%
Strike Rate %	80%	67%

Source: Internal. The performance details mentioned above are backtested results for a monthly Super STP. Normal STP involves transferring a fixed amount every month. Data Period: 01-Apr-2005 to 30-Nov-2023. For performance illustration of Super STP and Normal STP, Nifty 500 Multicap 50:25:25 TRI is taken as the designated target scheme and Nifty Short Duration Debt Index is taken as the designated source scheme. For lumpsum performance, Nifty 500 Multicap 50:25:25 TRI returns are considered. Strike Rate – Percentage of times a Super STP has outperformed a normal STP and lumpsum. STP – Systematic Transfer Plan. CAGR – Compound Annual Growth Rate. Super STP is available only for Growth options in case of designated target schemes. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index/model and do not in any manner indicate the returns/performance of any of the schemes of DSP MF.** For further details with respect to Super STP, refer Scheme Information Document of DSP Multicap Fund.

# Fund Manager & Investment Team

## FUND MANAGER



### Chirag Dagli, Vice President - Healthcare

- >21 years of investment experience across major market cycles
- Joined DSP in Nov 2020
- Prior to DSP, spent 8 years at HDFC Mutual Fund covering Healthcare
- Spent 6 years before that covering pharma on the sell-side with ICICI Securities, Pioneer Investcorp and Citi
- Chartered Accountant (Rank Holder - Nov 2000 batch)



### Jay Kothari, Senior Vice President & Fund Manager for Overseas Investments

- 18 years of experience across equities and global fund raising
- MBA in Finance from Mumbai University, Bachelor of Management Studies (Finance & International Finance) from Mumbai University

## INVESTMENT TEAM SUPPORTING THE FUND MANAGER



**Vinit Sambre (25)**  
Senior Vice President  
Head - Equities



**Rohit Singhania (22)**  
Senior Vice President  
Co-Head - Equities  
Metals sector

## Portfolio Managers / Analysts / Sector Responsibilities



**Resham Jain, CFA (18)**  
VP, Small & Mid Caps,  
Agri inputs, Textiles,  
Chemicals, Retail



**Abhishek Singh (14)**  
VP, Portfolio Manager



**Dhaval Gada (13)**  
VP & Fund Manager,  
Banking and Financial  
Services



**Charanjit Singh (12)**  
VP & Fund Manager,  
Capital Goods, Infra,  
Power Utilities,  
Consumer Durables



**Aniket Pande (9)**  
AVP, Tech, Telecom,  
FMCG



**Abhishek Ghosh (15)**  
AVP, Small & Mid Caps,  
Transportation



**Chaitra Nayak (6)**  
Senior Manager, ESG  
Analyst

# Risk Factors

## Risks associated with mid-cap and small-cap companies

SEBI has defined the market capitalization spectrum as follows:

- Large-Cap Stocks: 1st -100th company in terms of full market capitalization
- Mid-Cap Stocks: 101st -250th company in terms of full market capitalization
- Small-Cap Stocks: 251st company onwards in terms of full market capitalization

Investment in mid-cap and small-cap companies are based on the premise that these companies have the ability to increase their earnings at a faster pace as compared to large- cap companies and grow into larger, more valuable companies. However, as with all equity investments, there is a risk that such companies may not achieve their expected earnings results, or there could be an unexpected change in the market, both of which may adversely affect investment results. Historically, it has been observed that as you go down the capitalization spectrum i.e., from large cap stocks to mid-cap stocks and beyond, there are higher risks in terms of volatility and market liquidity. Scheme also invests in mid-cap and small-cap companies and hence is exposed to associated risks.

## Liquidity

The ability to execute investment strategies or sell these investments could be limited by the overall trading volume, settlement periods, transfer cycles on the stock exchanges and may lead to the Scheme incurring losses till the security is finally sold.



# Asset Allocation as per Scheme Information Document

Under normal circumstances, the asset allocation of the Scheme will be as follows:

Instruments	Indicative Allocations ( % of total assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related securities of which#:	75%	100%	Very High Risk
- Large cap companies	25%	50%	
- Mid cap companies	25%	50%	
- Small cap companies	25%	50%	
Equity and equity related overseas securities\$	0%	25%	Very High Risk
Debt and Money Market Instruments*	0%	25%	Low Risk to Moderate Risk
Units issued by REITs & InvITs	0%	10%	Very High Risk

#The Scheme may invest upto 50% of net assets in derivatives for other than hedging purposes.

\$The Scheme may invest up to 25% of its total assets in foreign securities

\*Includes only government securities, treasury bills, reverse repos in government securities, tri-party repos and other like instruments as specified by the Reserve Bank of India/ SEBI from time to time.

For scheme specific risk factors, asset allocation details, please read the Scheme Information Document and Key Information Memorandum of the scheme available at the Investor Service Centers of the AMC and also available on [www.dspim.com](http://www.dspim.com).

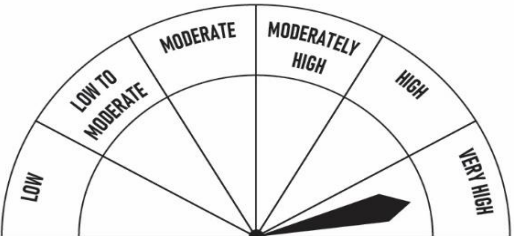
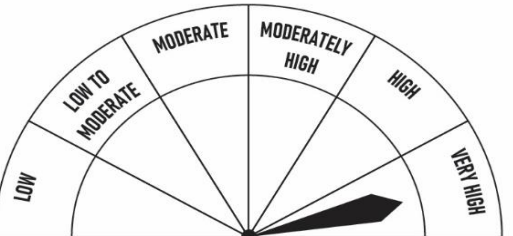
# Scheme Features

Name of scheme	DSP Multicap Fund
Type of scheme	An open ended equity scheme investing across large cap, mid cap, small cap stocks
Category	Multi Cap Fund
Investment Objective	The investment objective of the scheme is to seek to generate long-term capital appreciation from a portfolio of equity and equity related securities across market capitalization. <b>There is no assurance that the investment objective of the Scheme will be achieved.</b>
Plans	<ul style="list-style-type: none"><li>- Regular</li><li>- Direct</li></ul>
Options	<ul style="list-style-type: none"><li>- Growth option</li><li>- Income Distribution cum capital withdrawal (IDCW) – Payout &amp; Reinvestment option</li></ul>
Minimum Application Amount (First purchase and for subsequent purchase)	Rs. 100/- and any amount thereafter
Exit Load	Nil
Fund Managers	<b>Equity Portion</b> – Chirag Dagli, <b>International Portion</b> - Jay Kothari
Benchmark	Nifty 500 Multicap 50:25:25 TRI
SIP/STP/SWP	Available
Minimum Installment Amount for SIP/SWP/STP	Rs. 100/- and any amount thereafter
Taxation	Equity taxation
Expense ratio*	Regular plan – Upto 2.25% Direct plan – Upto 0.5 to 1.0%

# Disclaimer & Product Labelling

**Disclaimers:** This presentation / note is for information purposes only. It should not be construed as investment advice to any party. In this material DSP Asset 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. While utmost care has been exercised while preparing this document, the AMC nor any person connected does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The recipient(s) before acting on any information herein should make his/their own investigation and seek appropriate professional advice. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on prevailing market conditions / various other factors and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. **Past performance may or may not be sustained in the future and should not be used as a basis for comparison with other investments.** The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the schemes of DSP mutual fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). Large-caps are defined as top 100 stocks on market capitalization, mid-caps as 101-250 , small-caps as 251 and above. Data provided is as on Nov 30, 2023 (unless otherwise specified) The figures pertain to performance of the index and do not in any manner indicate the returns/performance of the Scheme. It is not possible to invest directly in an index. All opinions, figures, charts/graphs and data included in this presentation are as on date and are subject to change without notice. For complete details on investment objective, investment strategy, asset allocation, scheme specific risk factors and more details, please read the Scheme Information Document, Statement of Additional Information and Key Information Memorandum of respective scheme available on ISC of AMC and also available on [www.dspim.com](http://www.dspim.com). There is no assurance of any returns/capital protection/capital guarantee to the investors in above mentioned Scheme. The presentation indicates the strategy/investment approach proposed to be followed by the above mentioned Scheme and the same may change in future depending on market conditions and other factors.

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

<p><b>DSP Multicap Fund</b></p> <p>(An open ended equity scheme investing across large cap, mid cap, small cap stocks)</p>	<p>This scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investment in equity and equity-related securities of large cap, mid cap, small cap companies</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the scheme is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>BENCHMARK [Nifty 500 Multicap 50:25:25 TRI] RISKOMETER</b></p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
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**DSP**  
**ASSET MANAGERS**

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