

**INVESTING** in smallcap opportunities could lead to big accomplishments in the long run.



**Aditya Birla Sun Life  
Nifty Smallcap 50 Index Fund**

(An open ended scheme tracking Nifty Smallcap 50 TR Index)

**NFO opens:** March 15, 2021 | **NFO closes:** March 26, 2021

**Mutual Funds**

Aditya Birla Sun Life Mutual Fund



**ADITYA BIRLA  
CAPITAL**

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# How does Smallcap Equities hold in the future?

- **'GOLDILOCKS'** macroeconomic backdrop (strong growth and low rates) for Equities is driving **risk-on sentiment globally** which could benefit Emerging Markets, including India.
- **Indian economy is also at an inflection point.** Economic activity is at pre-COVID levels as evidenced by various high frequency data points. Rural economy continues to be resilient. **Economic growth estimates are being upgraded.** India's growth has highest catch-up potential post major reforms announced by the government.
- Earnings which have been depressed for a few years are showing reasonably strong growth. We are **entering into an earnings upgrade cycle** after a long time which could drive markets going forward.

Source: Morgan Stanley, Credit Suisse, ABSLAMC Research

## Government Policies that may help Smallcap

**Ayushman  
Bharat  
PM-JAY**

**GST  
1 Nation  
Tax  
Market**

**Maharashtra  
Real estate  
Regulatory  
Authority**

**Maha-Rera**

**Atmanirbhar  
Bharat**

- **Ease of Living:** One Nation, One Card, Smart Cities, Ayushman Bharat and Pradhan Mantri Awas Yojna.
- **Ease of Doing Business:** Tax Reforms, Liberalized FDI regime, Decriminalisation of Company Acts defaults and India's Ease of Doing Business ranking has improved from 142 in 2014 to 63 in 2019.
- **Formalisation of Economy:** GST-One Nation, One Tax Reduction in Corp Tax-Making India an attractive destination and Direct Tax Reforms-Transparent taxation, easier compliance for startups.
- **Job Creation in Formal Sector:** Labor Reforms, Agriculture deregulation and reforms, MSME Definition Changes and PLI Scheme-Strengthening Domestic Manufacturing.
- **Factor Market Reform:** Land-RERA, Labor-Simplification of 44 laws into 4 codes
- Capita;-IBC, Power-Sector reforms, Entrepreneur-Atmanirbhar Bharat, MSME Technology-JAM Trinity, DBT, BharNet.

## Atmanirbhar Bharat/Make in India

Push for Atmanirbhar Bharat should drive Domestic Manufacturing, Private capex, Import substitution & Exports.

## Can India become the next big manufacturing hub?

### Push Factors

- High dependence of global firms on neighbouring countries
- Supply chains disrupted during Covid-19
- Diversification of manufacturing already in progress
- US-China relations could sour further



### Pull Factors

- Rapidly reducing infra deficit
- Labour/power reforms
- Large domestic market & growing
- Corporate taxes slashed; gap vs rest narrowed, PLI scheme and import embargoes introduced



### What is an Index Fund?

- A type of mutual fund that seeks to mimic the composition and performance of an underlying index.
- It invests in the same stocks & proportion that are comprised in the index that it tracks. For E.g. – A Nifty 50 Index Fund will invest in the 50 stocks that are comprised within the Nifty 50 Index.
- It follows a passive management strategy – i.e.: its portfolio changes only when there is a change in the underlying index/index re-balancing.



### Why Index Fund?

- It is a **simple investing tool** to enter and participate in the equity market. Can be a stepping stone for novice investor or hassle-free investment solution for nuanced investor.
- Follows the **rule of natural selection** - typically companies that do well stay in the index while others drop out. This way the index does the work of stock selection for the investor.
- Provides **higher diversification** to investors with low minimum investments.
- Lends a **good degree of liquidity** to the investor's portfolio.
- Its passive investment strategy means **lower fund manager risk and lower costs** for investors.

Introducing **Aditya Birla Sun Life Nifty Smallcap 50 Index Fund**, an open ended scheme tracking Nifty Smallcap 50 TR Index.



### Investment Objective

The Scheme seeks investment return that corresponds to the performance of Nifty Smallcap 50 Index subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.



## Smallcap Stocks

Top 50 companies are selected from the Nifty Smallcap 250 Index, based on their average daily turnover.



## Why Invest in Aditya Birla Sun Life Nifty Smallcap 50 Index Fund?

- Provides exposure to **emerging** and **high-growth businesses** as many businesses' models are in niche categories.
- India is witnessing a sharp economic recovery – a favourable period for mid and smallcaps to outperform.
- Natural selection of top 50 companies from a large universe of smallcap stocks – only stocks that do well and rise in ranks will remain in the index. This focussed approach also provides exposure to the most liquid companies among the smallcaps.
- Smallcaps are not easy to track. By picking just 50 stocks from 250 based on market cap and liquidity, it largely retains diversification along with quality.
- Benefit from the growth story of smallcaps that potentially are the mid caps of tomorrow.



## This fund is suitable for investors who:

- Are looking to invest in the Top 50 smallcap stocks of the market.
- Have a long-term investment horizon – 5 years or more.
- Are looking to gain from the collective wisdom of the markets and remove the inherent risk of active stock selection.
- Prefer low-cost exposure to a diversified portfolio of smallcap stocks.
- Are looking to participate in small stocks but at lower risk levels than actively managed funds.

We offer a wide range of Mutual Fund solutions to cater to your specific investing needs.

To know more about the various solutions, please contact our advisor or visit our website [adityabirlasunlifemf.com](http://adityabirlasunlifemf.com)

Savings

Regular  
Income

Tax  
Saving

Wealth



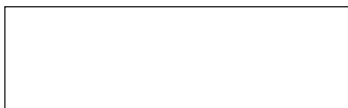
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Scheme:	This product is suitable for investors who are seeking*:	
<b>Aditya Birla Sun Life Nifty Smallcap 50 Index Fund</b> (An open ended scheme tracking Nifty Smallcap 50 TR Index)	<ul style="list-style-type: none"> <li>• Long term capital appreciation</li> <li>• Investments in Equity and Equity related securities and replicates the composition of the Nifty Smallcap 50 Index</li> </ul> <p>*Investors should consult their financial advisors, if in doubt whether the product is suitable for them.</p>	<p><b>RISKOMETER</b> Investors understand that their principal will be at <b>Very High</b> risk</p>



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