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Is there a prescription for a financially healthy life?

Aditya Birla Sun Life Pharma & Healthcare Fund

An Open Ended equity scheme investing in Pharma
and Healthcare Services Sector.

Mutual Funds

Aditya Birla Sun Life Mutual Fund



ADITYA BIRLA
CAPITAL

1800-270-7000

Since the beginning of time, mankind has been in search of an elixir, the solution to longer life or even immortality. And that marks the birth of the medicine industry. With a world population at ~7.7 billion today, the endeavour is also to elongate life. The average life span in India would, by then, have enhanced to 71 yrs. from the current 67 yrs. And all this largely to the credit of the pharma & healthcare industry, one of the most rapidly growing & evolving businesses in India & the world. The **world already spends ~\$US1.1 trillion annually on pharma** alone.

Indian Pharma: \$100 billion industry by 2030

- **Domestic Pharma:** \$US 57 billion by 2030 (10%-12% CAGR).
- **Export market:** \$US 44 billion by 2030 (8%-10%).



Opportunities in Global Pharma

Let's take a look at Indian Pharma's contribution to global demand:

- India is the world's largest supplier of Generic medicines.
- Over 50% of the global demand for various vaccines and generic drugs are being met by Indian Pharma.
- India enjoys an advantage as production cost domestically is nearly a third of that in the US.

Source- IBEF, Internal Estimate.



Favourable Growth Factors:

- The age group that requires more medical attention will be 30% of population by 2030 (currently 20%) which will be more than the current population of the US.
- **Rise in chronic diseases** have led to increased healthcare spends, both for treatment and preventive.
- **Increased lifestyle diseases** like heart ailments, obesity and diabetes, along with growing health awareness and precautionary treatments have contributed to rising healthcare spending by individuals.
- **Per capita Indian spending** on healthcare is just \$63, against the global average of more than \$1,000, however it is increasing with higher income and awareness levels.
- Under **The National Health Protection Scheme (Ayushman Bharat Yojana)**, 3.5 cr. beneficiaries were issued e-cards, 27 lakh beneficiaries were provided free hospital treatments & 15,474 hospitals have been empaneled - which is stimulating growth in medical spends.
- **Health Insurance** has a penetration of less than 1%, against the global average of 3%. But the current trends show an uprise in the recent years.

Source- UN World Population Prospects.
pmjay.gov.in



Other global trends favouring the Pharma & Healthcare Sector:

1. **'Genericiation' of drugs** (or trend towards prescribing Generics) will continue worldwide as all governments want to lower the cost of medical spending. India today is the world's largest exporter of generic medicines with 20% share in global volumes which is only increasing in strength.
2. **Pharmerging** markets (India growing at the highest rate) make up 24% of the global market and is growing twice as fast as developed markets.
3. **Complex & Specialty Generics** are difficult to manufacture and are R&D intensive. Hence lower competition and better margins.



Other factors in favour:

- **Hospitals:** With low bed density, private hospitals have an opportunity to grow at 15.9%. (Source- IBEF)
- **Diagnostics:** Shift from unorganised to organised is expected to grow at 20%. (Source- IBEF, Edelweiss Research)
- **CRAMS- Big Pharma's big bet:** Global Contract Research and Manufacturing Services industry (CRAMS) market was at \$US108 billion in 2018. India has an advantage with low production costs, cheap skilled labour and regulatory compliant manufacturing facilities.
- **Speciality Chemicals, Wellness and International Pharma.**

Fund Positioning:

- A thematic fund investing in companies belonging to Pharma, Healthcare and other allied/ancillary sectors.
- The portfolio while being largely focused on Pharma business, will also seek broader diversification by focusing on Wellness, Healthcare Services and Specialty Chemicals as well.
- The portfolio will be biased towards **large caps & mid caps (60%-80%)** & allocation to **small cap** companies will be **10%- 20%**.
- The fund can be suitable for long-term equity investors who have an **investment horizon of 3-5 years** at least.



Investment Philosophy:

- Invests in high-growth companies at reasonable valuations.
- The fund will have a **focused portfolio of 20-25 stocks** of companies which have a ROCE higher than the cost of capital and improving cash flows from operations.

The fund will look at investing in stocks of companies that have:

- Scalability and stability of business
- Consistency & financial discipline in terms of returns generated
- Strong earnings growth potential
- High quality businesses exhibiting favorable economics
- Capable and trustworthy management teams

Investment Facilities:



Systematic Investment Plan (SIP)



Systematic Transfer Plan (STP)



Systematic Withdrawal Plan (SWP)

Contact your financial advisor to make the most of the Aditya Birla Sun Life Pharma & Healthcare Fund.

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

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Scheme:	This product is suitable for investors who are seeking*:	
<p>Aditya Birla Sun Life Pharma & Healthcare Fund</p> <p>An Open Ended equity scheme investing in Pharma and Healthcare Services Sector</p>	<ul style="list-style-type: none"> • Long Term Capital growth • Investments in equity & equity related instruments of the companies in the Pharmaceuticals, Healthcare and Allied sector in India <p>*Investors should consult their financial advisors, if in doubt about whether the product is suitable for them.</p>	<p>RISKOMETER</p> <p>LOW Moderately Low Moderate Moderately High HIGH</p> <p>Investors understand that their principal will be at high risk</p>

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