

Kotak Global Innovation Fund - FAQ

An open ended fund of fund investing in units of **Wellington Global Innovation Fund** or any other similar overseas mutual fund schemes/ETFs.

Investment Objective: The primary investment objective of the scheme is to provide long-term capital appreciation by investing in units of Wellington Global Innovation Fund or any other similar overseas mutual fund schemes/ETFs.

1. How will the scheme allocate its assets?

Since this is a FOF scheme, Kotak Global Innovation Fund of Fund will invest in the underlying fund. As per the scheme information document, 95%-100% will be invested in the underlying fund and investments in Debt and Money Market instruments in the range of 0%-5%. For more details, please refer SID.

2. About Wellington Management.

- a. Wellington Management has been managing investments since **1928**.
- b. Managing **USD 1.3 trillion** of assets which makes Wellington a trusted adviser and strategic partner to clients worldwide
- c. Wellington Management has **896 investment professionals** with 17 years of experience on average as on 31 Mar 2021.

Source: Wellington Management

3. What is Wellington Global Innovation Fund all about? AUM?

- a. Wellington Global Innovation Fund aims to **invest in public equity market with a private equity long-term mindset in companies which are innovators/disruptors or beneficiaries of innovation/disruption.**
- b. As of 31 May 2021, the Wellington Global Innovation Fund had **USD 413.0 million** assets.

Source: Factsheet of Wellington Global Innovation Fund

4. What is the investment process at the underlying fund level?

- a. The philosophy of the Global Innovation approach is based on the following beliefs:
 - i. Investment opportunities can be found **independent of economic cycles** by focusing on drivers of innovation and beneficiaries of innovation and trend.
 - ii. Career industry analysts are best-positioned to **evaluate long-term innovation, secular/structural change, and the quality of management teams within their industries.**
- b. Each investment idea is then evaluated and ranked on the team's **trend, innovation, barriers, and risk framework (TIBR)** to evaluate if an investment idea is appropriate for the portfolio.

5. Style of investment Manager Wellington Global Innovation Fund?

- Bottom up individual stock selection driven. The objective is to generate alpha from idiosyncratic ideas. While the manager has a long term growth mindset, they are very mindful of valuation.

6. What is the expertise of the fund manager of Wellington Global Innovation Fund?

- a. Michael Masdea has **22 years of professional experience**, and is also the head of our Investment Science Group, which is focused on bringing scientific tools and techniques to the art of investing across the investment platform, from idea generation to implementation to investor development.
- b. Brian Barbetta has **13 years of professional experience**, and is a portfolio manager and global industry analyst responsible for internet and video game software companies, undertaking research and managing investments across both public and private equities.

7. Research Capability at wellington.

- a. **54 global industry analysts:** The Global Innovation Team identifies innovative trends across the market in collaboration with the firm's global industry analysts who cover 90% of the MSCI All Country World Index by market capitalization.

8. How does Fund Manager take Buy/ Sell Decisions?

- a. Stocks that rank higher than existing positions based on the team's analysis and construction process are purchased.
 - i. Stocks **purchased** typically share the following attributes:
 1. innovative companies poised to disrupt the competitive dynamics of their industries

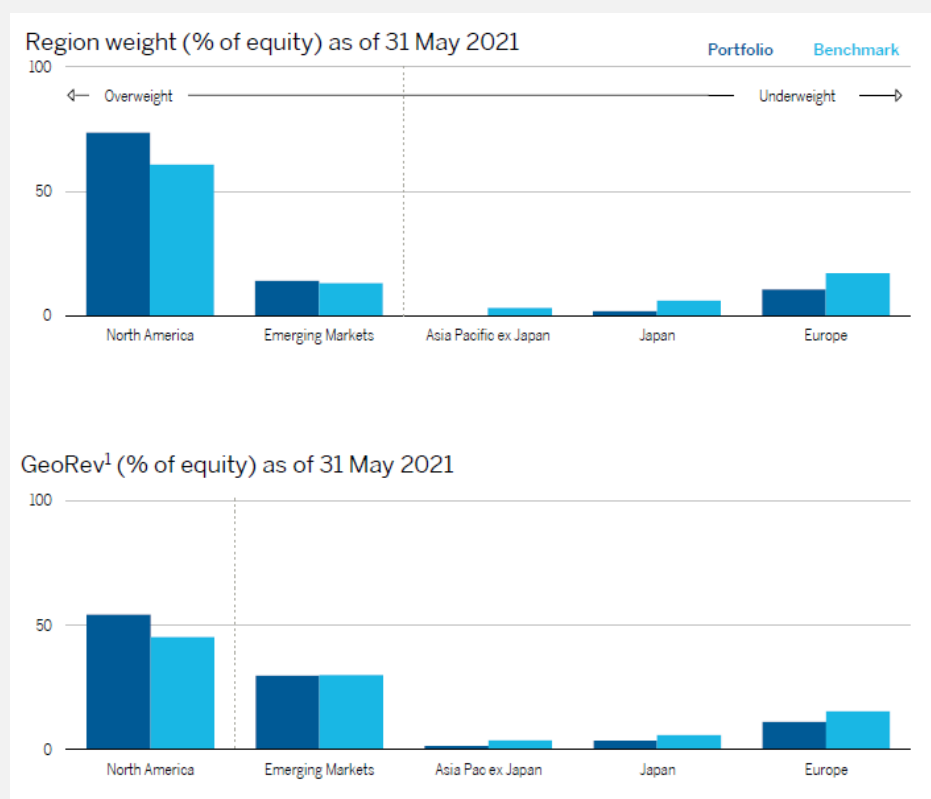
2. structural growth companies well positioned to benefit from secular change
- ii. Stocks are **sold** when:
 1. core thesis on trend or innovation changes
 2. the team loses confidence in management
 3. Remaining upside potential is limited (cases where the investment thesis has played out and limited upside remains)

9. Case Study Examples

- a. **Intuitive Surgical:** In the portfolio management team's view, the company is a technology leader in robotic surgery which continues to penetrate at a high rate. Their pipeline is rich but at the same time expanding the moat which helps as competition arrives. Wellington's health care team currently does not own the stock due to valuation, but taking a longer-term view (5-10 years) the fund management team is comfortable to own the stock in Global Innovation.
- b. **ShakeShack:** In the portfolio management team's view, the company is well positioned as a fast-casual leader that offers better food at good prices that is fast enough. The company is of course also active on digital - Shake Shack launched its app soon after the 2015 IPO and continues to expand its digital ordering capabilities with the addition of browser-based ordering for mobile and desktop.

Disclaimer: The examples are given for illustrative purposes only and is not to be viewed as advice/recommendation/representative of actual holdings. Source: Internal analysis of the underlying fund

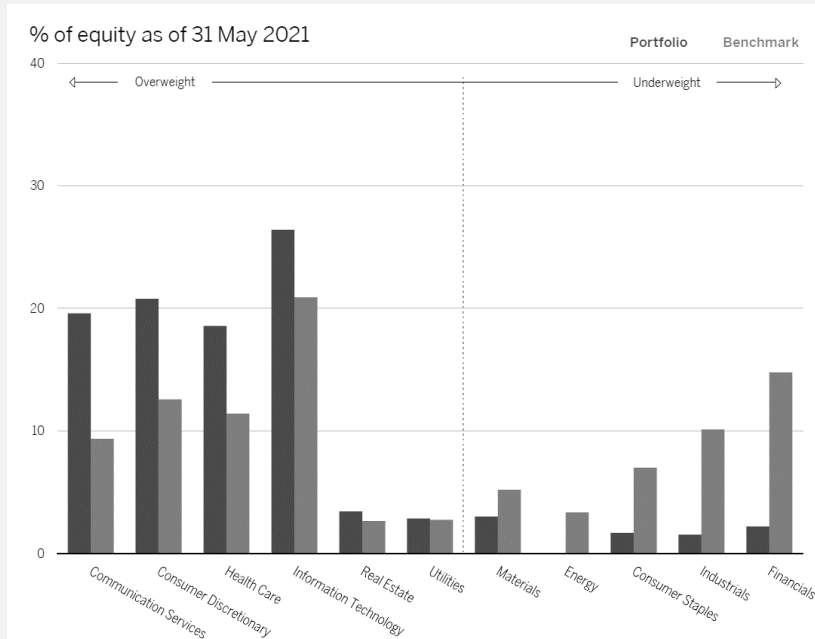
10. What is country/regional Bifurcation and Geographical Revenue weights?



Source: FactSet. GeoRev is a classification scheme designed by FactSet to provide geographic revenue exposure of companies.
 / Sources: Fund – Wellington Management, Index – MSCI

Disclaimer: The views / information / performance provided relate to the underlying fund – Wellington Global Innovation Fund and this should not be construed as the performance of Kotak Global Innovation Fund of Fund. Regional distribution will change as per the discretion of the underlying fund manager. The performance of Kotak Global Innovation Fund of Fund may vary due to reasons such as additional expenses, foreign exchange fluctuations, allocation by fund manager in the underlying fund, etc. Past Performance may or may not be sustained in future. Source: Wellington Management, MSCI

11. How is Sector distribution of the portfolio?



Source: Internal analysis of the fund

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12. Valuations are high, is it right time to invest in this fund?

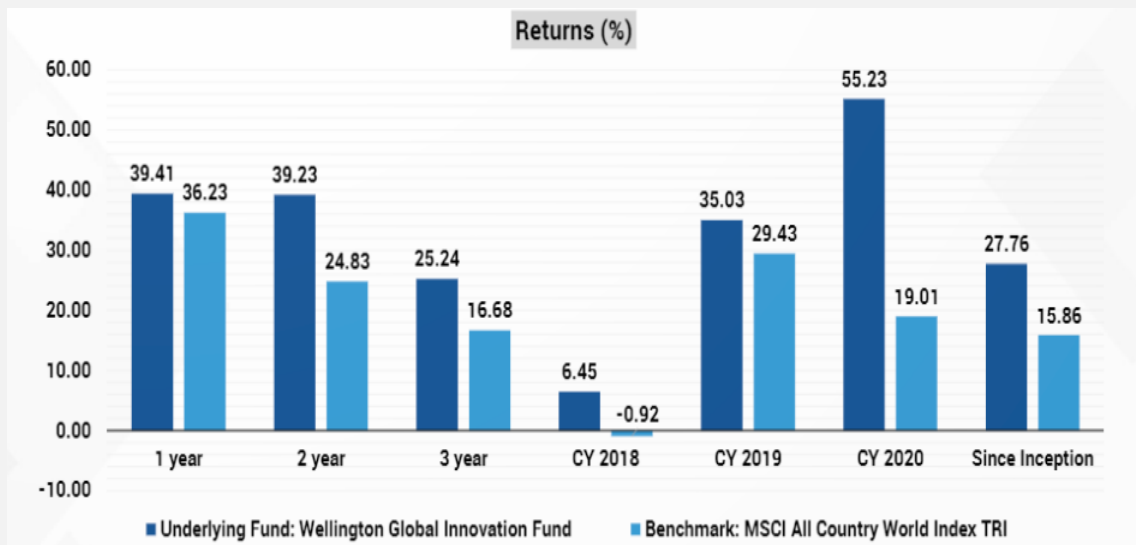
- The fund is **valuation sensitive** and believe that bottom up approach helps the portfolio management team identify names away from the headline names.
- For example, the valuation of SAAS companies was stretched in 2019 and the portfolio management team did not invest in them until the correction in 2020.
- From past, it has been observed that fund had spotted quality companies in attractive valuations in various pockets of the market including Health Care and Consumer Discretionary.

Disclaimer: The characteristics presented are sought during the portfolio management process and relate to the underlying fund – Wellington Global Innovation Fund. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges. Source: Internal analysis of the underlying fund

13. How will be the currency exposure?

The currency of underlying fund is USD.

14. How has the underlying fund performed over years?



Data is in INR. Returns as on 31-May-2021. Benchmark returns are reported as total returns net of withholding taxes. Underlying Fund returns are calculated by converting USD to INR using RBI reference rates. Performance of 2, 3 years and Since Inception are annualized. Fund Inception date February 16, 2017. The views / information / performance provided relate to the underlying fund – Wellington Global Innovation Fund and this should not be construed as the performance of Kotak Global Innovation Fund of Fund. The performance of Kotak Global Innovation Fund of Fund may vary due to reasons such as additional expenses, foreign exchange fluctuations, allocation by fund manager in the underlying fund, etc. Past Performance may or may not be sustained in future. Source: Wellington Management, MSCI

15. What about Liquidity? When is the NAV declared?

Since this is an open-ended FOF, investors can purchase or redeem units on any business day, NAV is declared daily. Redemption Pay-out is T + 6 days.

16. How the returns will be taxed?

Since this is FOF, debt taxation will be applicable and short term/long term capital gain will be taxed accordingly. Thus one can claim LTCG after 3 years of investment with indexation benefit.

17. What are the portfolio details of Wellington Global Innovation Fund?

As of 31 May 2021		
	Portfolio	Benchmark
Size		
Asset-weighted market cap (USD. bil)	347.0	313.5
Over USD 50 bil (%)	61	63
USD 20 – 50 bil (%)	20	21
USD 10 – 20 bil (%)	7	10
USD 2 – 10 bil (%)	10	5
Under USD 2 bil (%)	2	0
Valuation		
Projected EPS growth – median (5-yr. %)	20.0	11.4
Projected P/E – median (x)	36.2	17.2
Yield (%)	0.3	1.7
Number of equity names	55	2,898
Risk		
Historical beta (3-yr. USD)	1.07	
Historical tracking risk (3-yr. USD)	8.32	
Active share equity	87	

Benchmark: MSCI All Country World | Sums may not total due to rounding. If access products are held by the portfolio they may not be included in the calculation of characteristic data. Access products are instruments used to gain access to equity markets not otherwise available and may include (but are not limited to) instruments such as warrants, total return swaps, p-notes, or zero strike options.

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18. What is the Expense ratio of Kotak Global Innovation Fund of Fund?

The total expenses of the scheme including weighted average of charges levied by the underlying schemes shall not exceed 2.25% of the daily net assets of the Scheme.

19. What is the Exit Load of Kotak Global Innovation Fund of Fund?

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

20. Commentary of top 10/small 10 names as on 31 May 2021

Wellington Global Innovation Fund - as of 31 May 2021

Top 10 holdings

Issuer name	Country	Sector	% Equity	Thesis
Amazon.com Inc	United States	Consumer Discretionary	5.1	The fund favours Amazon for its leading position in new retail and innovation in AI assistants.
Alphabet Inc	United States	Communication Services	5.0	The fund believes Alphabet's core search engine and YouTube subsidiaries remain vibrant and provide ongoing

				opportunities to monetize increasing mobile usage via advertising.
Facebook Inc	United States	Communication Services	4.1	The fund believes Facebook can continue innovating on its products across an enormous user base leading to sustained engagement and revenue growth.
Visa Inc	United States	Information Technology	4.0	Visa's network remains entrenched, and is part of the backbone of the global financial non-cash payment system.
AstraZeneca PLC	United Kingdom	Health Care	4.0	The fund believes AstraZeneca is well-positioned for the next wave of immune-oncology mechanisms and potential for the company's pipeline is underappreciated.
Prologis Inc	United States	Real Estate	3.4	The fund views Prologis as the leader in logistics management, benefitting from ecommerce growth as a result of their focus on high growth commerce locations.
UnitedHealth Group	United States	Health Care	3.3	The fund views UnitedHealth as a best in class diversified benefits provider well-positioned to innovate and leverage its data advantage.
China Gas Holdings	China	Utilities	2.8	China Gas is among the largest gas distribution companies in China and should benefit from the government's focus on transitioning energy sources away from coal.
Walt Disney Company	United States	Communication Services	2.8	Disney has exposure to a unique media and entertainment platform with best in class content and a proven ability to consistently innovate.
Aptiv PLC	Ireland	Consumer Discretionary	2.6	Aptiv is a leading supplier of next generation products that enable the next generation of automobiles.

Source: Internal analysis of the underlying fund

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Top 10 smallest cap holdings

Issuer name	Country	Sector	% Equity	Thesis
Health Catalyst Inc	United States	Health Care	1.8	Health Catalyst is one of the leading data and analytics providers to hospital systems, helping hospitals to realize the same or better outcomes at a lower cost.
Itron Inc	United States	Information Technology	1.6	The fund believes that Itron's grid-edge intelligence will help utilities companies lower energy usage of their customers.
Trainline PLC	United Kingdom	Consumer Discretionary	1.3	Trainline is a market leader with roughly 20% share of UK ticket sales and 55% of online ticket sales, with room to grow as customers shift from paper tickets to e-tickets.
Genus Plc	United Kingdom	Health Care	1.3	Genus is a best in class animal genetics company using proprietary technology to develop pigs that are resistant to blue ear disease, potentially eliminating significant economic costs.
Shake Shack Inc	United States	Consumer Discretionary	1.1	The fund believes Shake Shack has the potential to take market share as the company focuses on digital innovation.
Livent Corp	United States	Materials	1.0	The fund believes Livent will benefit from the long-term trend of increasing EV penetration supported by increasing regulation and climate consciousness.
Land Mark Optoelectronics	Taiwan	Information Technology	0.6	LandMark is benefiting from the comprehensive 5G networking infrastructure demand and has the ability to gain share through China's localization efforts.
Wingstop Inc	United States	Consumer Discretionary	0.6	Wingstop is a US-based company that is becoming more global, and we think it will benefit from business model innovations including investments in digital sales.
REVOLUTION Medicines	United States	Health Care	0.5	Revolution Medicines has a very unique technology for cancer treatment and we believe the company can continue to expand through other drugs in the pipeline.
Hannon Armstrong Sus	United States	Financials	0.4	Hannon Armstrong's focus on energy efficiency, renewable energy, and other sustainable infrastructure markets should benefit them amidst the ongoing shift to renewable energy.

Source: Internal analysis of the underlying fund

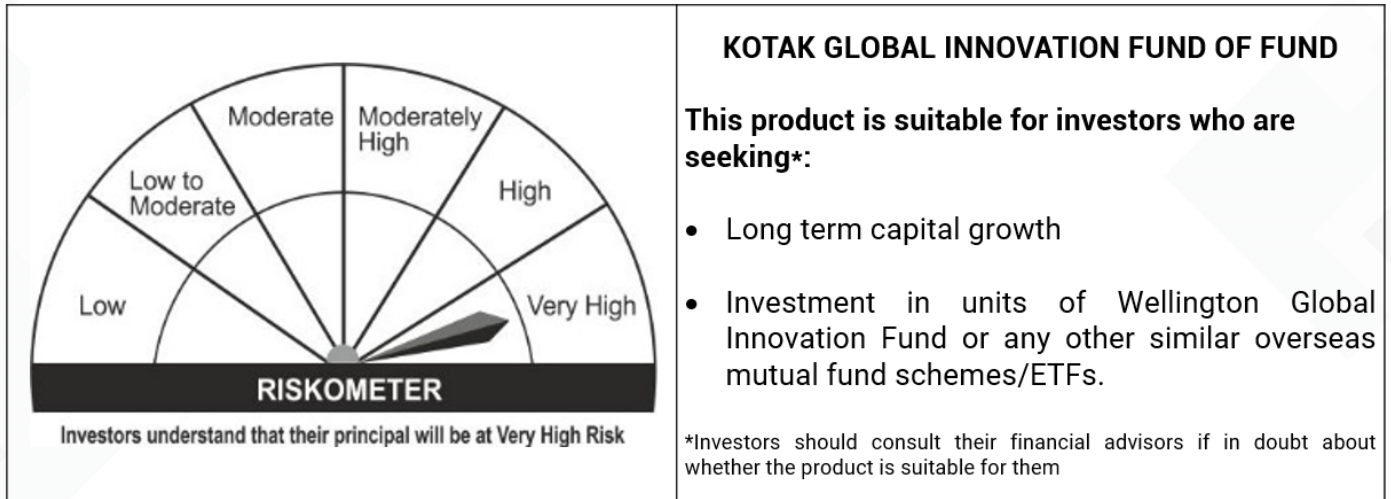
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21. What are the NFO details?

NFO opens on July 8, 2021 and ends on July 22, 2021.

Minimum Application amount is Rs.5000/- and in multiples of Rs. 1 for purchase and Re 0.01 for switches. SIP investment option is available.

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



The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or the model portfolio and same may vary post NFO when actual investments are made.

Disclaimer:

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