

# Inflation is Good.\*

When it comes with Indexation benefits.

**NFO PERIOD: 4th – 18th Sept, 2023**

Introducing  
**360 ONE Balanced  
Hybrid Fund**

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An open ended balanced scheme investing  
in equity and debt instruments

\*Within tolerance limits

# Investor's Experience

What Investor wants vs What Investor gets

## What Investor wants?

Investor aims for a seamless journey to build wealth



## What Investor gets !!

"Markets Falling!!  
I am never  
investing in  
markets again"



"Markets at an All-Time High!  
Should I book profits?  
What if the markets continues  
to rise?"



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# Investor's Dilemma

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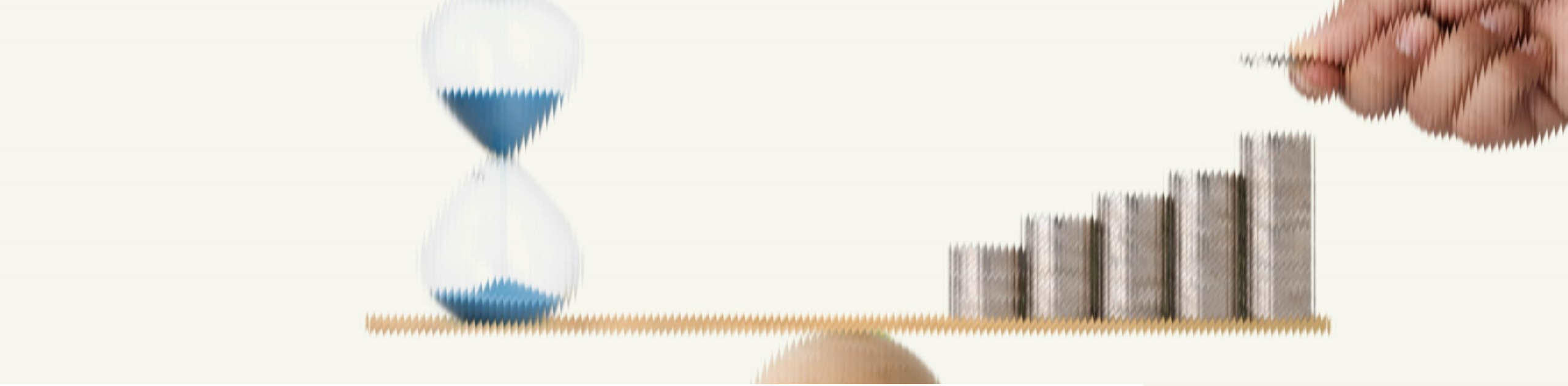
1) Which Asset Class? Equity or Debt?

2) How much to allocate?

3) When to rebalance?

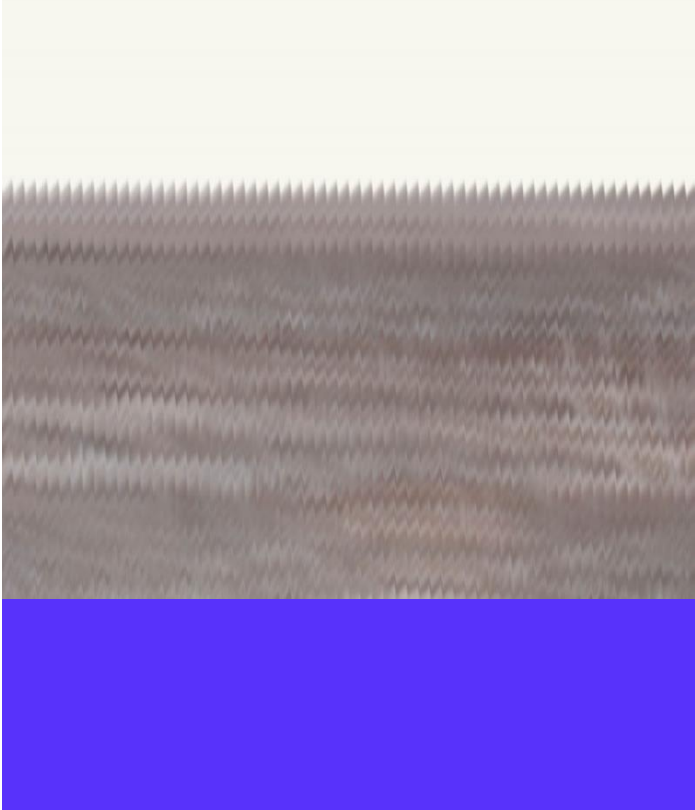
4) Should I invest in multiple mutual funds to reduce risk?

**Hybrid Funds can offer solutions**

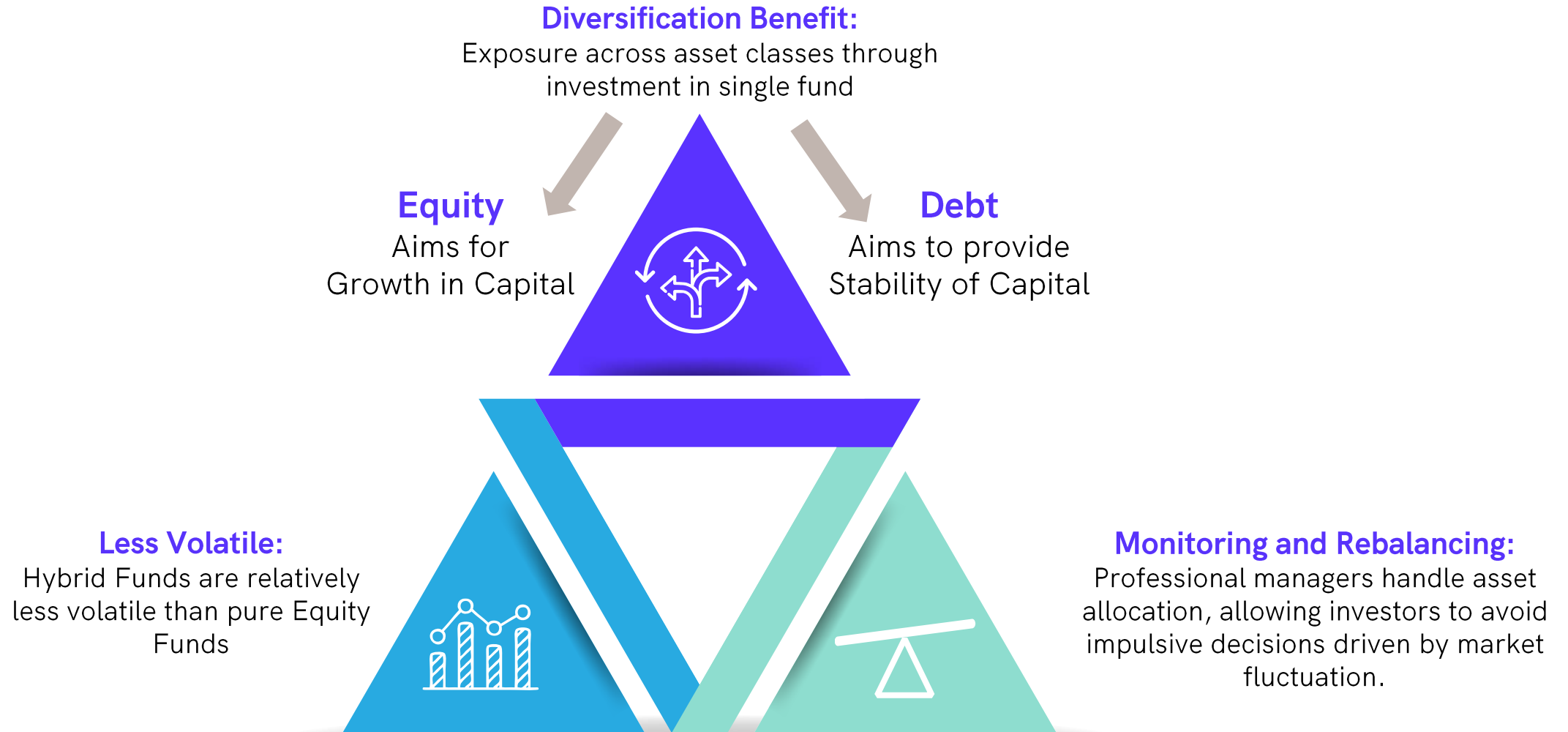


# Why Invest in Hybrid Funds?

asset  
**360**  
**ONE**

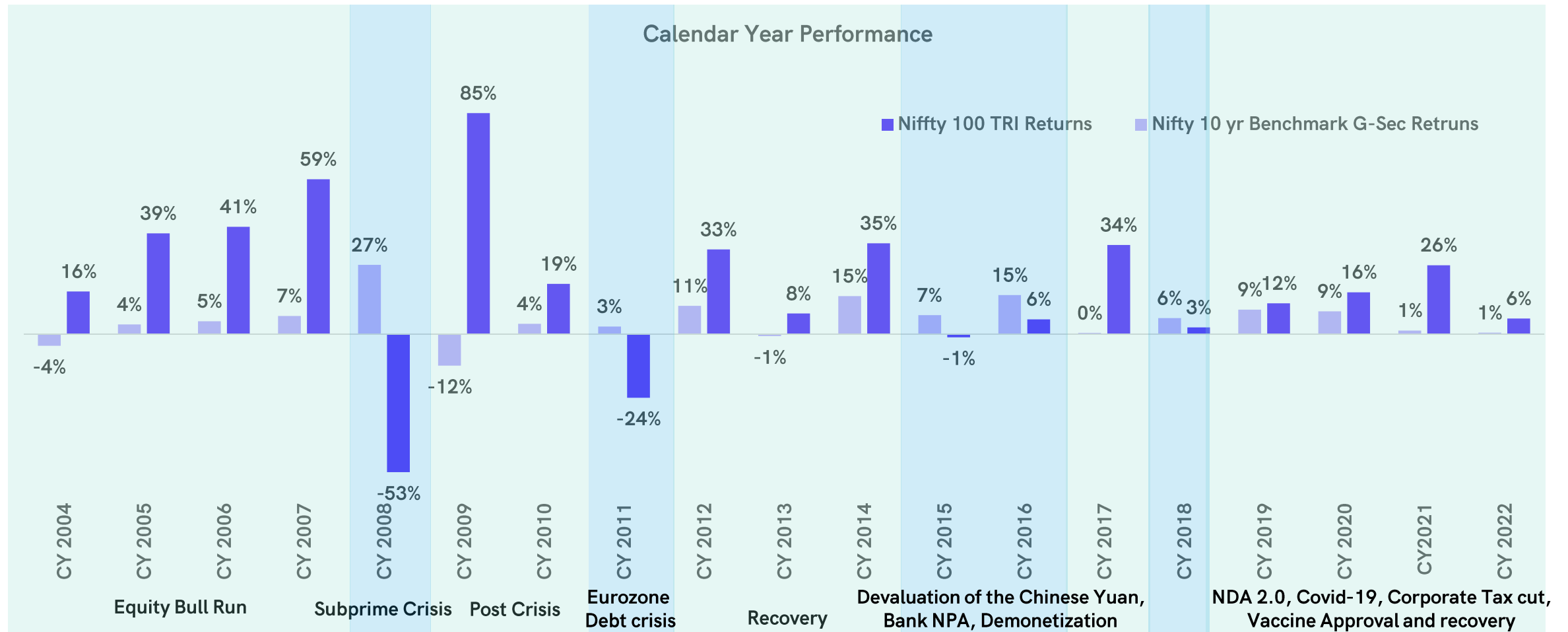


# Hybrid Funds Cater to Investors Seeking Both Growth and Stability



# Equity Vs Debt : Winners Rotate

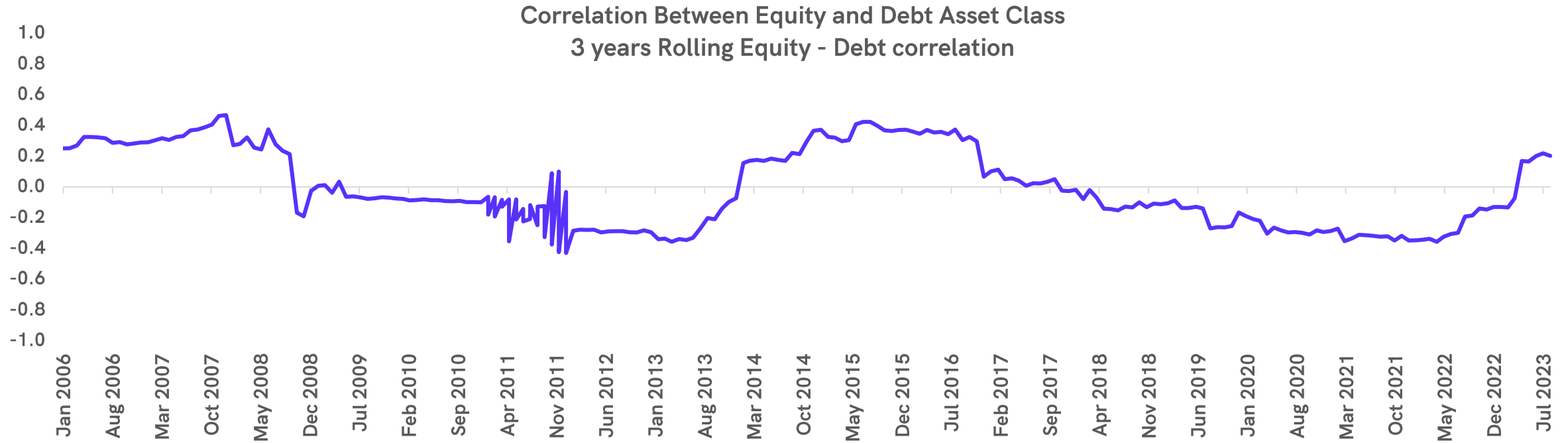
Equity and Debt have demonstrated strong performance in alternating cycles



Global markets and economic cycles are highly dynamic. Various asset classes exhibit diverse performance patterns depending on the stage of the economic cycle, global scenarios, geopolitical events, and other factors

# Low Correlation Between Equity and Debt

Low Correlation helps diversify a portfolio and reduce overall risk

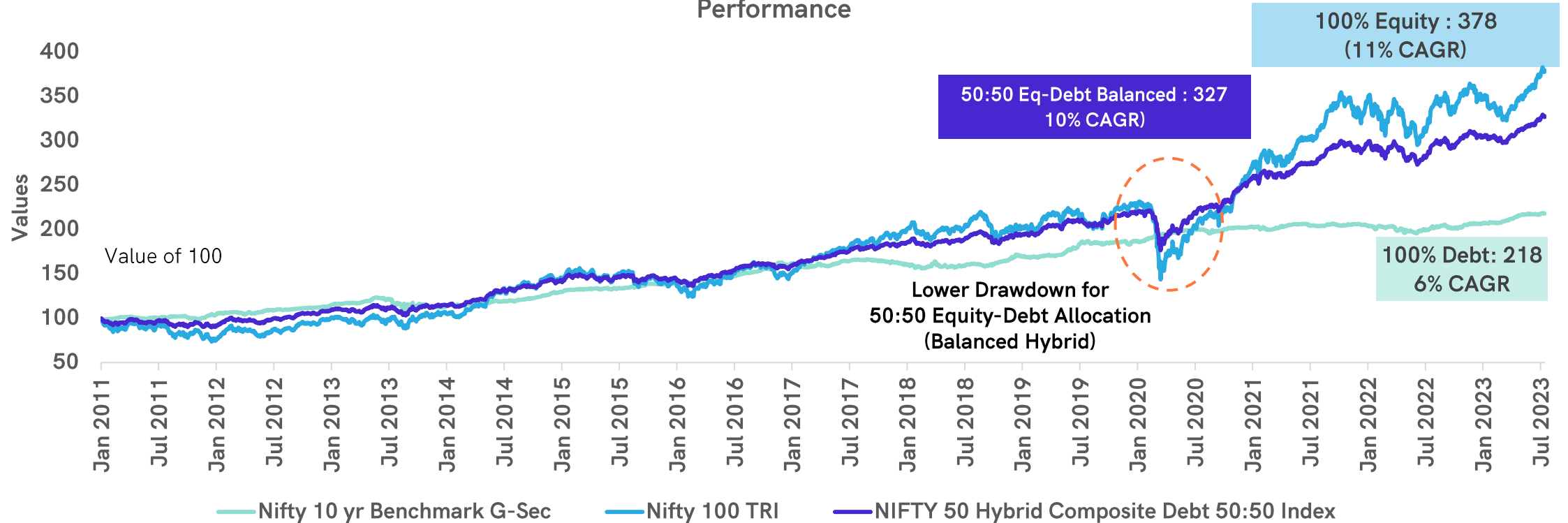


**A Hybrid fund investing in both Equity and Debt presents an opportunity for a more balanced risk-return profile**

(Correlation is a statistical measure that indicates the extent to which two or more variables (Asset Classes in our example) fluctuate in relation to each other. It ranges between +1 to -1. If the correlation coefficient is greater than zero, it is a positive relationship. Conversely, if the value is less than zero, it is a negative relationship. A value of zero indicates that there is no relationship between the two variables)

# Is It Possible To Combine These Two Asset Classes?

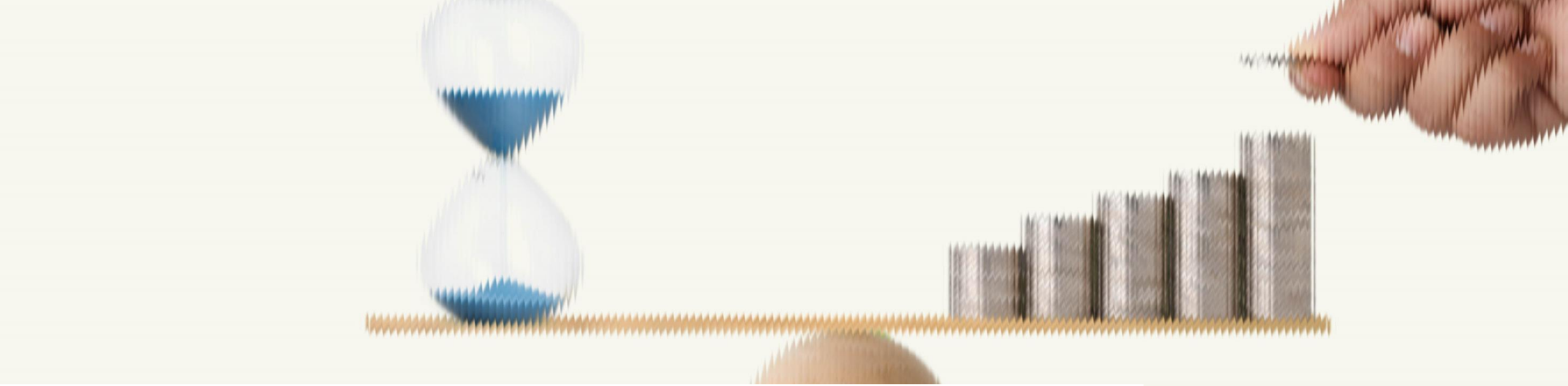
Performance



3 Years Period	Nifty 100 TRI	NIFTY 50 Hybrid Composite Debt 50:50 Index	Nifty 10 year Benchmark G-Sec
Risk adjusted returns (Returns/Volatility)	1.55	<b>1.84</b>	0.78

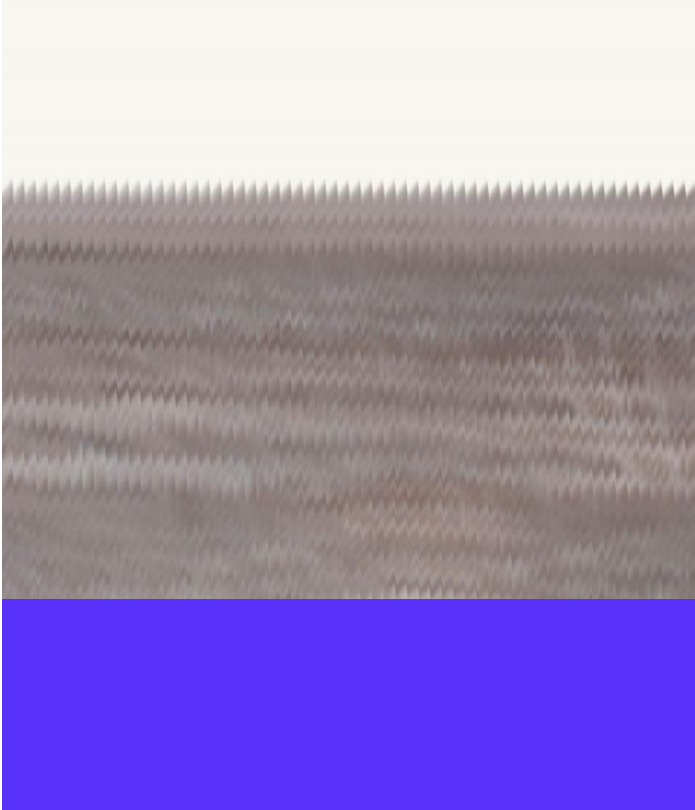
**A fund combining equity and debt asset has classes has potential to achieve higher returns than debt-oriented schemes, while maintaining relatively lower volatility than equity-oriented schemes**





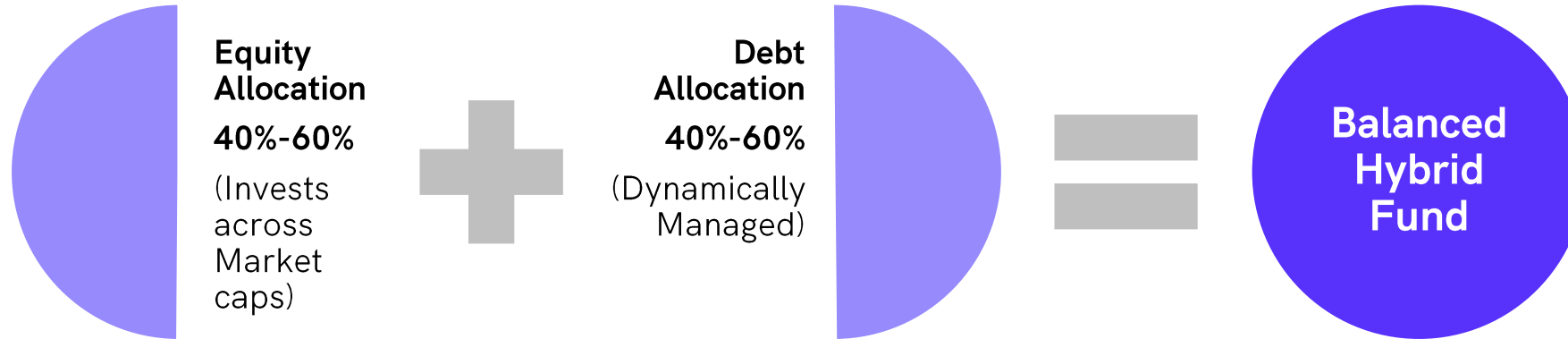
# Introducing Balanced Hybrid Fund

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# About Balanced Hybrid Fund

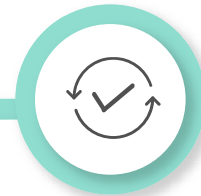
Combining the flavor of two asset classes in one scheme



Invests in Equity and Debt (no exposure to arbitrage or other asset types)



Fund manager determines the asset allocation\* (aiming to decrease volatility and optimize the risk-reward ratio)

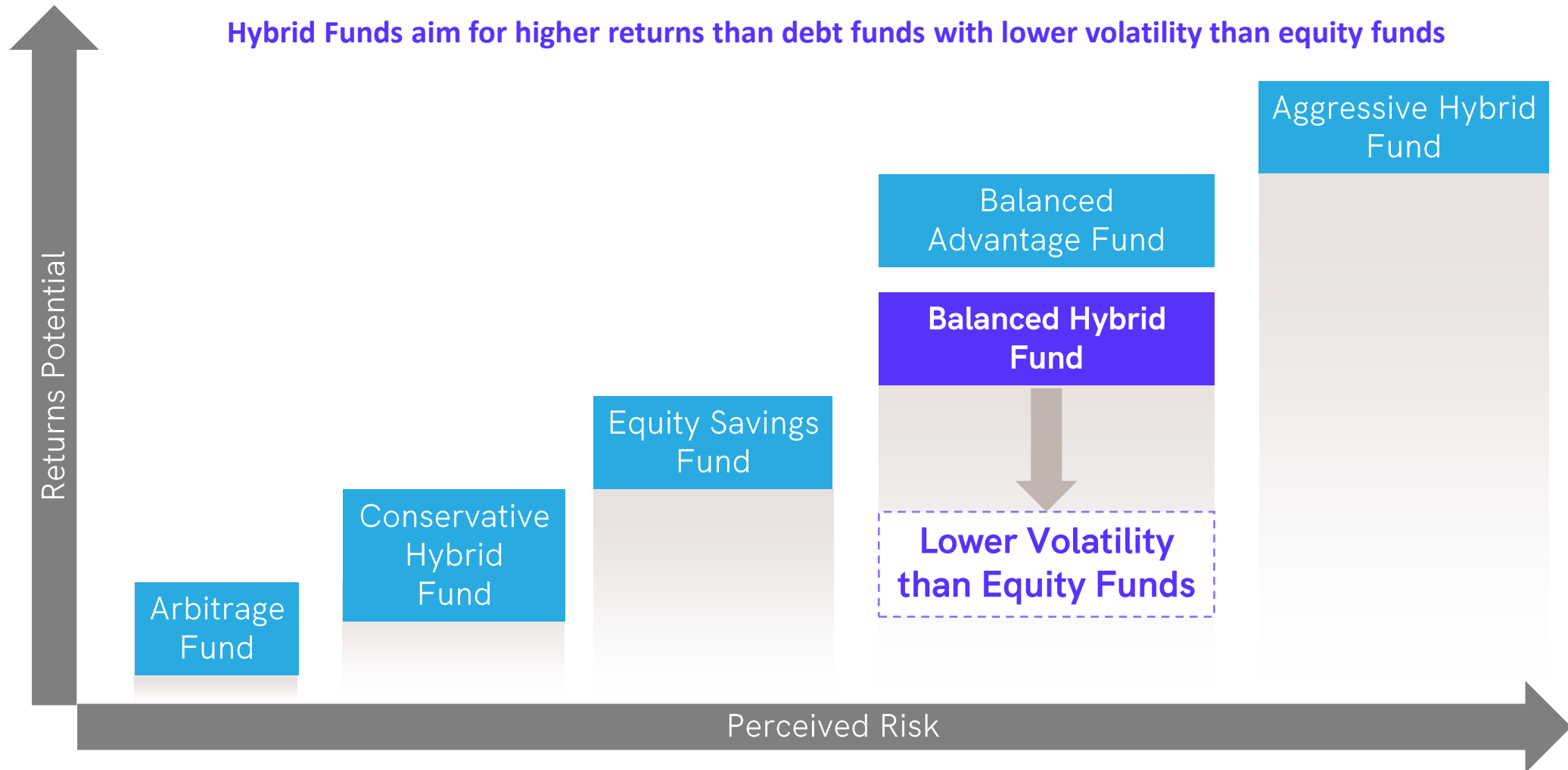


An active strategy between Equity and Debt to capitalize on evolving market situations



Lower LTCG Tax<sup>^</sup> (20% after Indexation) compared to traditional fixed Income products

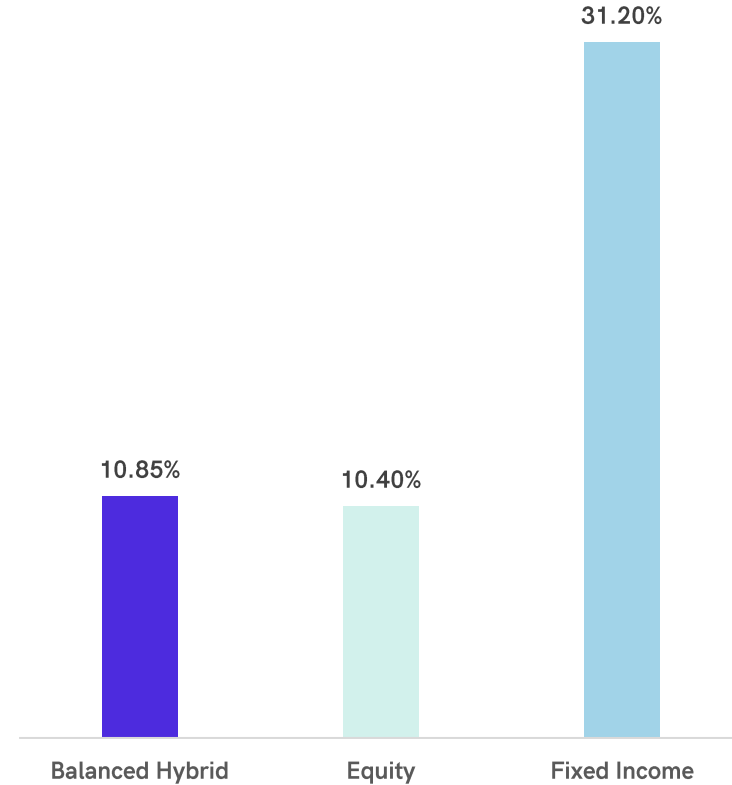
# Fund Positioning- Hybrid Funds



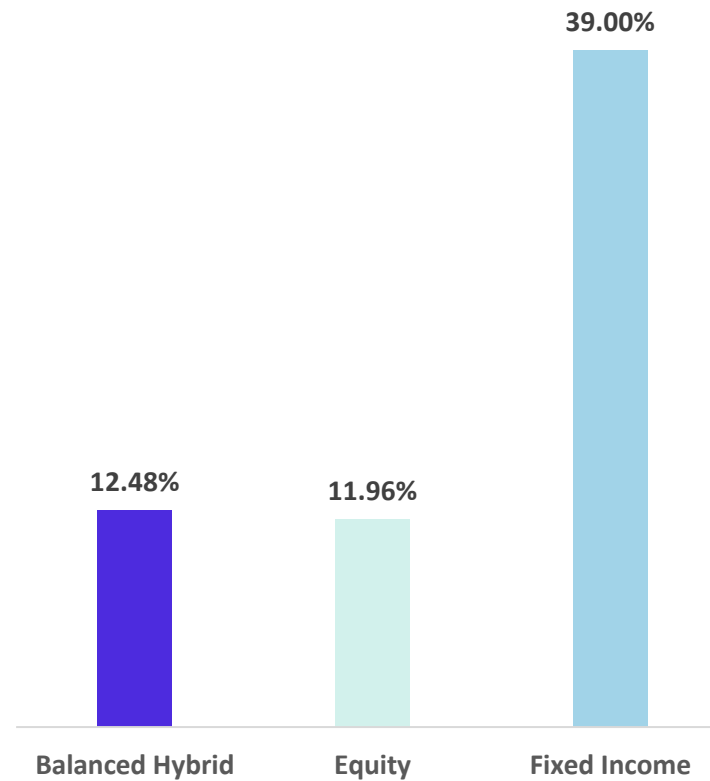
# Taxation : Balanced Hybrid vs Others

Benefit from Indexation : Shields investments against inflation, ensuring that capital gains are taxed at a reduced rate, preserving real returns

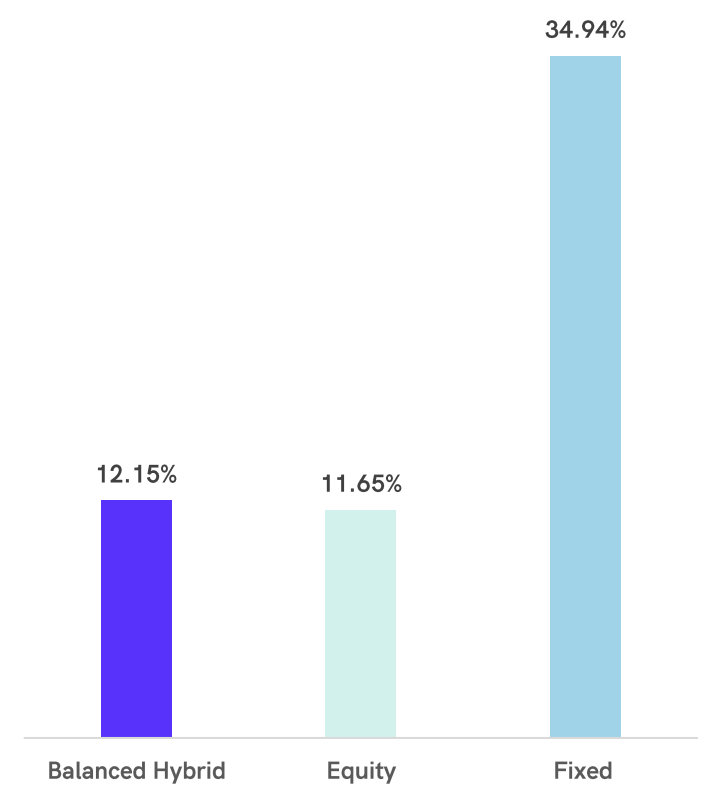
Effective Tax Rate for Individual  
(Income less than Rs 50 lakhs)



Effective Tax Rate for HNI  
(Income more than Rs 2 Crore ≤ Rs 5 Crore)



Effective Tax Rate for Corporates  
(Income more than Rs 2 Crore ≤ Rs 5 Crore)



Note: The above table is only for illustration purposes and to show taxation impact on returns for investments over 3 years period. \*Base Tax rate assumed at highest slab rate: 30% for HNI and 25% for Corporates. Indexation rate assumed at 5% (last 23 years average Cost Inflation Index. For calculation we have taken the highest surcharge for all 3 entity. For Balanced Hybrid, we have taken returns for NIFTY 50 Hybrid Composite Debt 50:50 Index average 3 years rolling returns from Jan 2011 to July 2023. Similarly, for Equity we have taken Nifty 100 TRI and for Fixed Income we have taken Nifty 10-year Benchmark G-Sec performance for similar period. Please consult your tax advisor for tax related matters.

# Favourable Risk Return

Balanced Hybrid Index aims to provide superior risk-adjusted performance compared to the Aggressive Hybrid Index (its closest hybrid category peer)



**While the average returns for the Balanced Hybrid Index are around similar to Aggressive Hybrid Index ,  
Balanced Hybrid Index has outperformed in terms of risk-adjusted returns.**

Source: NSE, ACE MF. Data as on 31st July 2023. Past performance may or may not be sustained in future

Balanced Hybrid Index = Nifty 50 Hybrid Composite Debt 50:50 Index)

Aggressive Hybrid Index = NIFTY 50 Hybrid Composite Debt 65:35 Index

# Rolling Return Analysis

## Balanced Hybrid Index Vs Other Hybrid Index

3 year Rolling Returns					
	Nifty 10 year Benchmark G-Sec	NIFTY 50 Hybrid Composite Debt 15:85 Index	NIFTY 50 Hybrid Composite Debt 50:50 Index	NIFTY 50 Hybrid Composite Debt 65:35 Index	NIFTY Equity Savings Index
<b>Min</b>	2.1%	5.6%	1.8%	0.04%	3.0%
<b>Max</b>	13.2%	13.0%	19.2%	23.0%	14.2%
<b>Average</b>	6.9%	9.3%	11.2%	12.0%	9.6%
<b>% of returns more than 8%</b>	15.1%	77.4%	88.7%	87.8%	82.8%

5 year Rolling Returns					
	Nifty 10 yr Benchmark G-Sec	NIFTY 50 Hybrid Composite Debt 15:85 Index	NIFTY 50 Hybrid Composite Debt 50:50 Index	NIFTY 50 Hybrid Composite Debt 65:35 Index	NIFTY Equity Savings Index
<b>Min</b>	3.5%	6.7%	3.8%	2.5%	4.5%
<b>Max</b>	10.1%	11.0%	14.1%	15.5%	11.6%
<b>Average</b>	7.1%	9.1%	10.7%	11.3%	9.2%
<b>% Returns more than 8%</b>	19.5%	46.9%	74.5%	78.1%	56.6%

Over a rolling period of 3 & 5 years, the Balanced Hybrid index demonstrates avg returns that are comparable to those of the Aggressive Hybrid Index. However, on risk-reward basis, the NIFTY Balanced Hybrid Index provides better risk-adjusted returns.

Source: NSE, ACE MF. Data as on 31st July 2023. Past performance may or may not be sustained in future

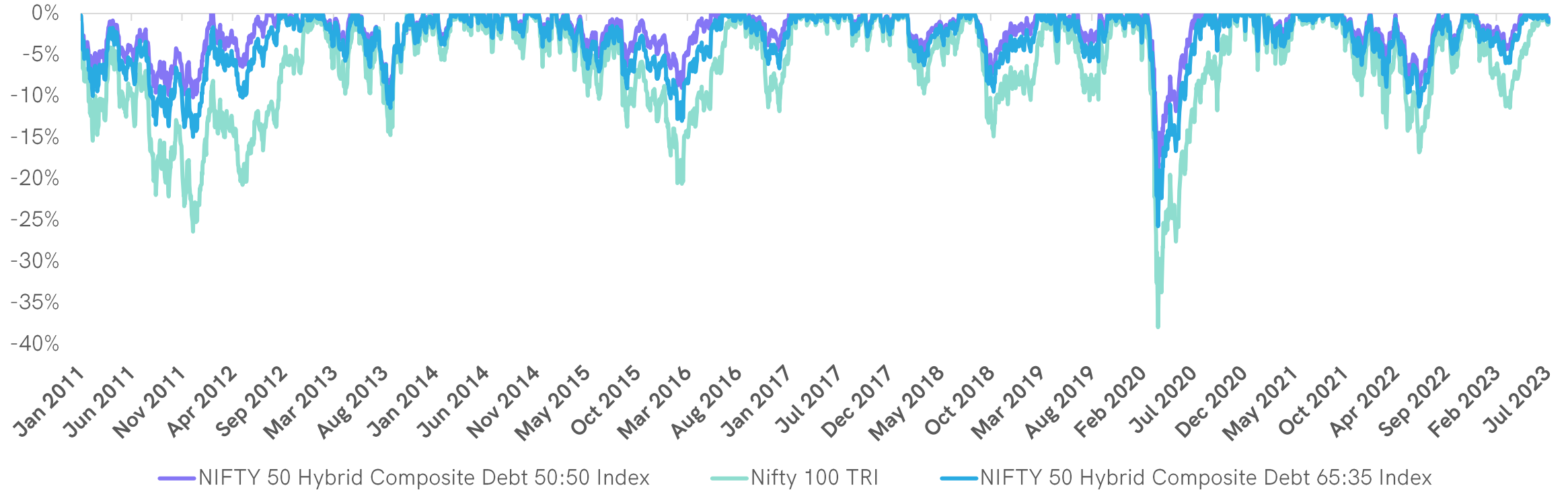
Balanced Hybrid Index = Nifty 50 Hybrid Composite Debt 50:50 Index

Aggressive Hybrid Index = NIFTY 50 Hybrid Composite Debt 65:35 Index

Conservative Hybrid Index = NIFTY 50 Hybrid Composite Debt 15:85 Index

# The Balanced Hybrid Index Experienced Lower Drawdowns Compared To Aggressive Equity Hybrid Index

Drawdown (%)



	NIFTY 50 Hybrid Composite Debt 50:50 Index	NIFTY 50 Hybrid Composite Debt 65:35 Index	Nifty 100 TRI
<b>Max Drawdown</b>	<b>-20.28%</b>	<b>-25.69%</b>	<b>-37.92%</b>

Source: NSE, ACE MF. Data as on 31<sup>st</sup> July 2023. Past performance may or may not be sustained in future  
 Balanced Hybrid Index = Nifty 50 Hybrid Composite Debt 50:50 Index  
 Aggressive Hybrid Index = NIFTY 50 Hybrid Composite Debt 65:35 Index

# Why invest in Balanced Hybrid Fund?



## True to Label

Investment in pure equity and debt assets, aiming to maximize risk adjusted returns



## Indexation Benefit

Shields investments against inflation, such that capital gains are taxed at a reduced rate, preserving real returns



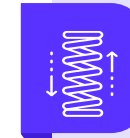
## Best of Both Worlds

Combining the potential for higher return through equity and aim to provide stability through debt



## Diversification

Diversifying investments across equity and debt asset classes enables to manage risk and optimize returns



## Flexibility

The fund manager can adjust the allocation\* between equity and debt depending on market conditions.



## Risk Management

Due to broader diversification, balanced fund manages volatility better

\*\*within the asset allocation limit as specified in the SID, Please refer SID for detailed asset allocation for this fund



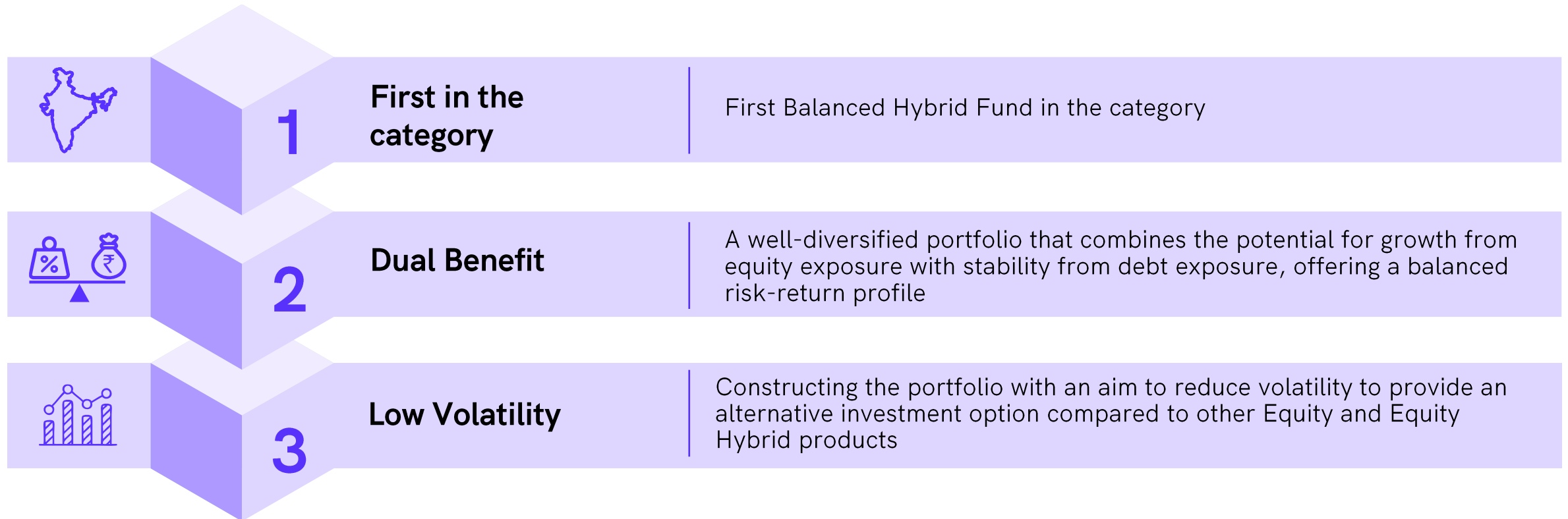
An hourglass with blue sand is positioned on the left, and a hand is shown on the right placing a coin into a growing stack of coins. The background is a light beige color with a subtle pattern of small, repeating geometric shapes.

# Introducing 360 ONE Balanced Hybrid Fund

asset  
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ONE**

An open - ended balanced scheme investing in Equity and Debt instruments

# About 360 ONE Balanced Hybrid Fund



- Through a Balanced portfolio, this fund may harness the advantages of a pro-risk environment through its equity allocations

- Simultaneously, bonds can maintain their roles in providing:
  - (a) protection against downturns and
  - (b) regular income generation

# Investment Strategy

## Equity

## Debt



✓ Multicap Approach: No constraints on stock or sector allocations, adapting to changing markets

✓ Unique SCDV Framework

✓ Strong bottom-up stock selection

✓ Style: Accrual driven strategy with the focus on maintaining highest credit quality (80%-100% AAA allocation)

✓ Duration: Low interest rate risk, "aims to maintain a modified duration of 2- 3 years"

✓ Relative Safety: Our endeavor is to maintain minimum 80% allocation in AAA Corporate bonds and Sovereign bonds and 20% allocation will never go below AA+

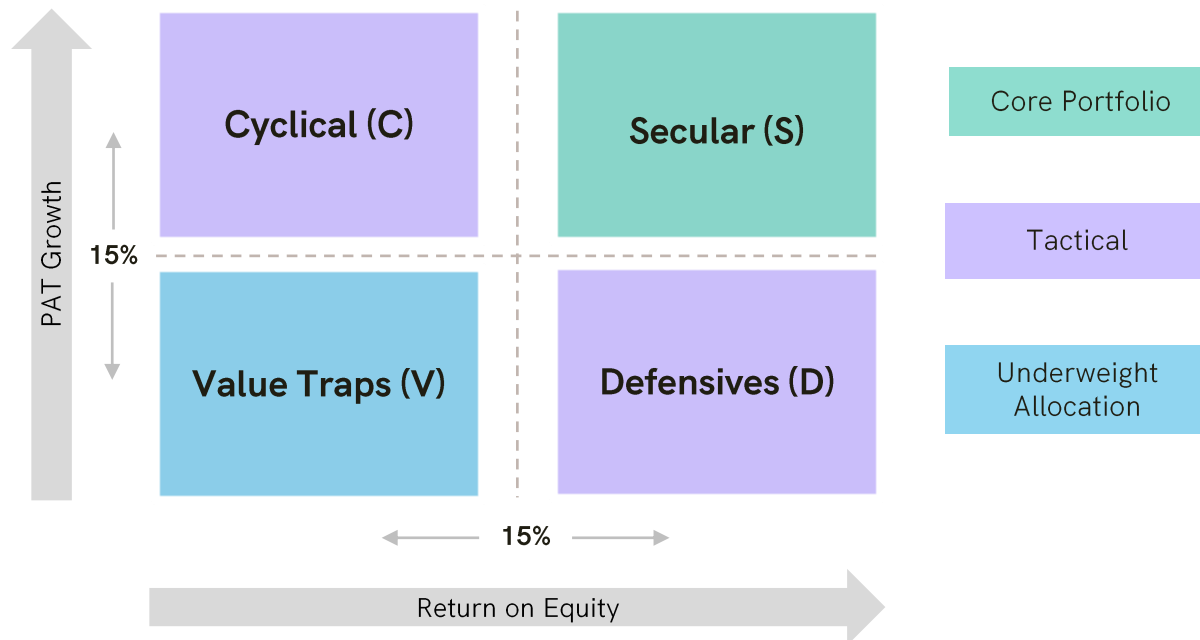
✓ Tactical Opportunity : The fund may take exposure to government Securities to gain tactical opportunity from volatility in duration.

✓ Liquidity: Relatively liquid portfolio primarily composed of Sovereign and AAA Corporate bonds

# Equity Investment Framework

Secular-Cyclical-Defensives-Value Traps (SCDV)

This framework enables us to have the optimum mix of Quality, Growth and Value ideas



## Secular

- Companies growing profits and delivering ROE upwards of 15% fairly consistently.
- This forms the core portfolio.
- We intend to always be overweight on this quadrant.

## Cyclical

- Companies that are dependent on the economic cycle.
- They could undergo cycles of high profit growth in an economic upcycle, but ROEs tend to be lower over long term due to higher capital intensity.

## Defensives

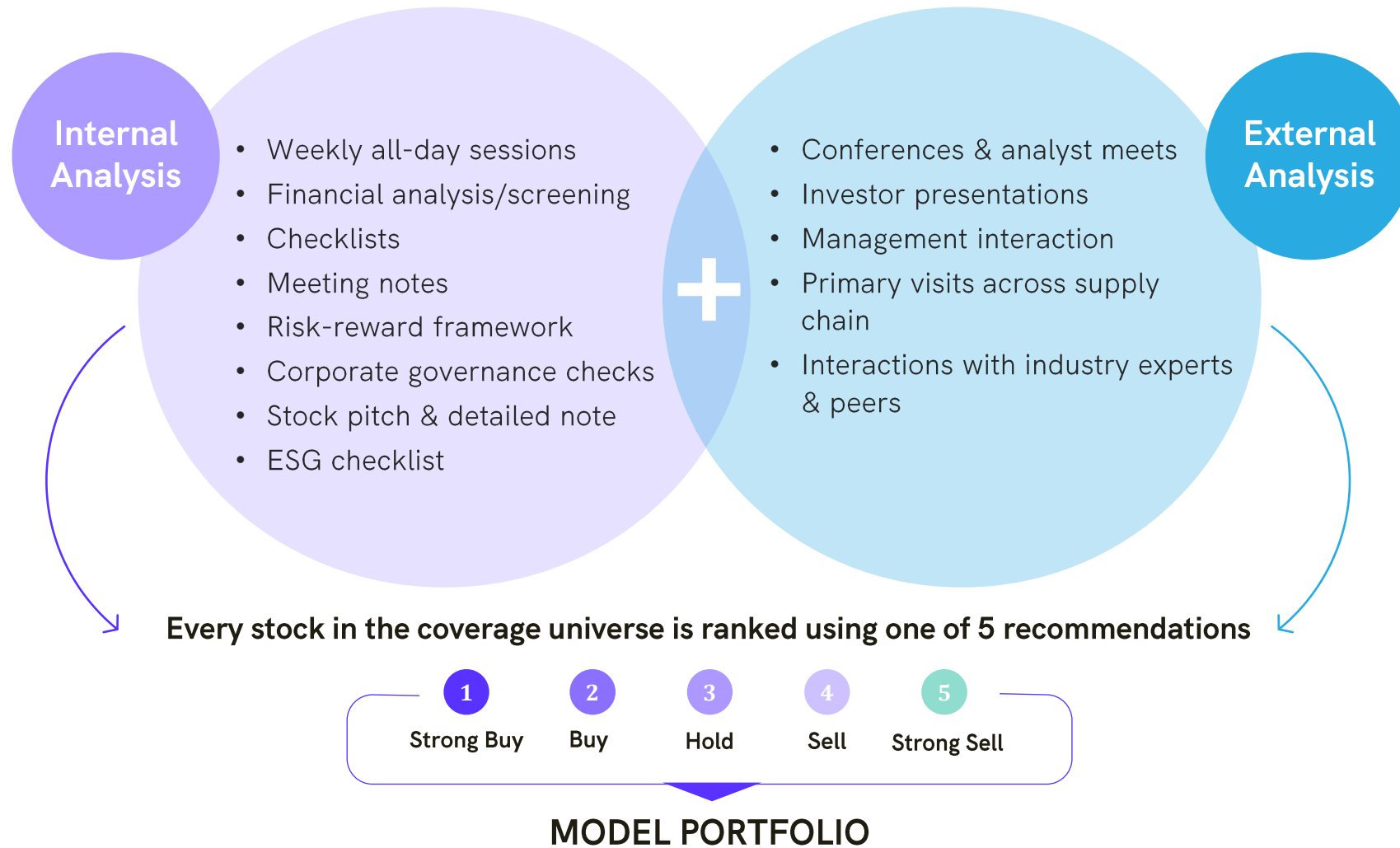
- Companies with high ROE and robust cash flows but modest growth over the long term.

## Value Traps

- Companies which have struggled to generate ROE and profit growth of more than 15% over long periods of time.

The above is for illustrative purpose only

# Equity Investment Process



# Debt Investment Framework : Returns - Safety - Liquidity (RSL)

Our aim is to seeks an optimal balance between potential returns, the safety of their invested capital, and the ability to access cash through liquidity when needed

## Philosophy



Our philosophy is to focus on "Sustainable Returns" with Safety and Liquidity. The investment management process relies on analytics and research to achieve risk-adjusted returns in each product category, thereby defining an asset allocation and duration strategy that matches the risk characteristics of the corresponding schemes

## Strategy of achieving RSL:



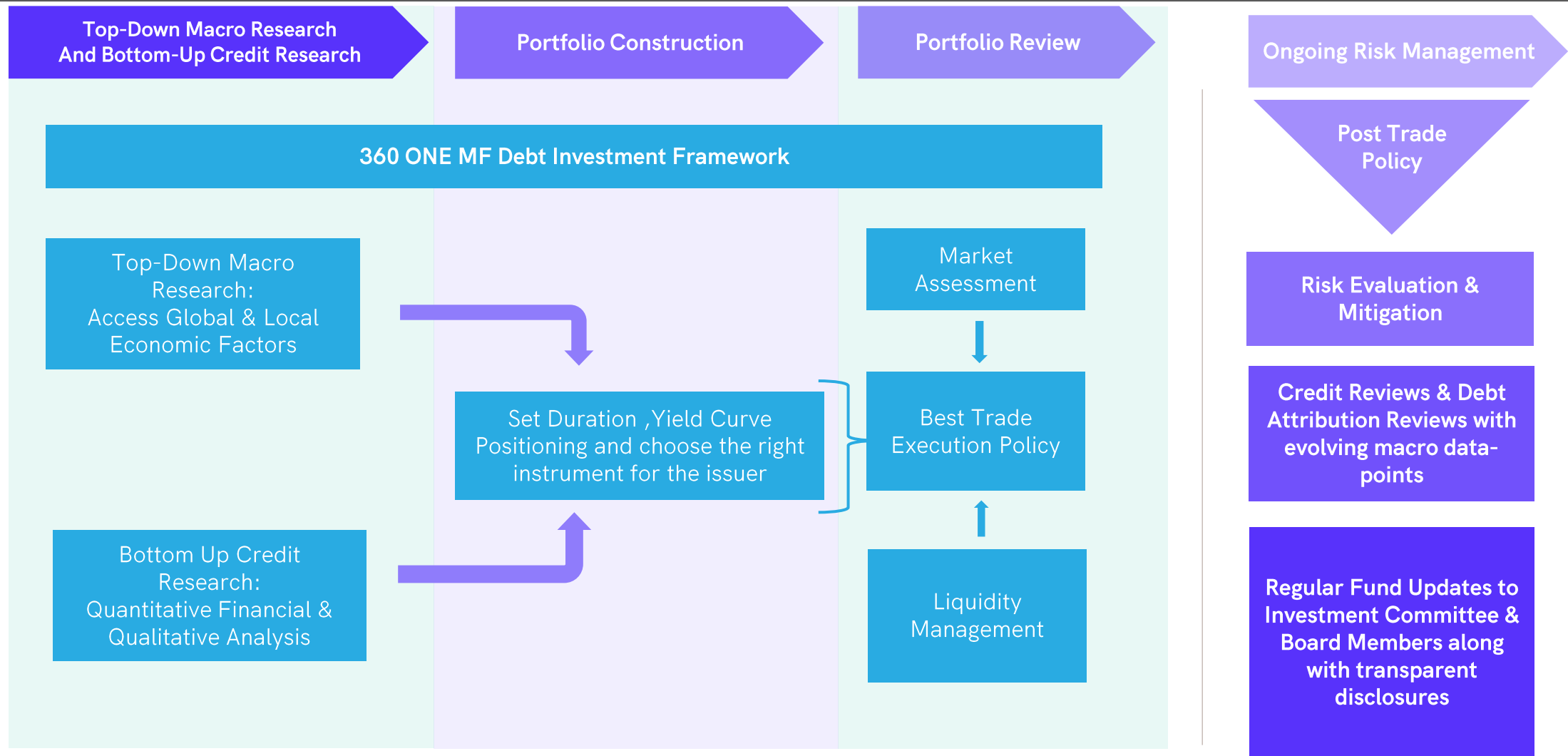
- We blend the Top-down Approach with the Bottom-Up Approach to create a successful strategy.
- We aim to constantly develop new strategies that evolve over time which are back-tested through Quantitative and Qualitative defined parameters
- We practice disciplined fund management and have strong risk management in place.

## Investment Process



We follow a disciplined approach for managing investments. Our comprehensive investment policy outlines stringent criteria, limits, and standard operating procedures for the investment function. This policy provides a complete set of guidelines for managing the investment portfolios, approved by the Board of Directors and monitored by the Investment Committee

# Debt Investment Process



# Our Investment Philosophy



## Industry or Sector Potential

- Growing companies scalable over time.
- Pricing power and benign competitive landscape.
- Avoid sectors vulnerable to regulation, high competitive intensity, technological changes and short growth cycles.



## Business

- Companies with competitive advantages, delivering higher ROEs than peers.
- Avoid companies with poor free cash flows and declining market share.



## Governance

- Managements with clear strategies on generating shareholder value over long term.
- Prudent capital allocation, in line with minority shareholder interest.
- Avoid companies with frequent equity dilutions, excess leverage and unrelated investments.

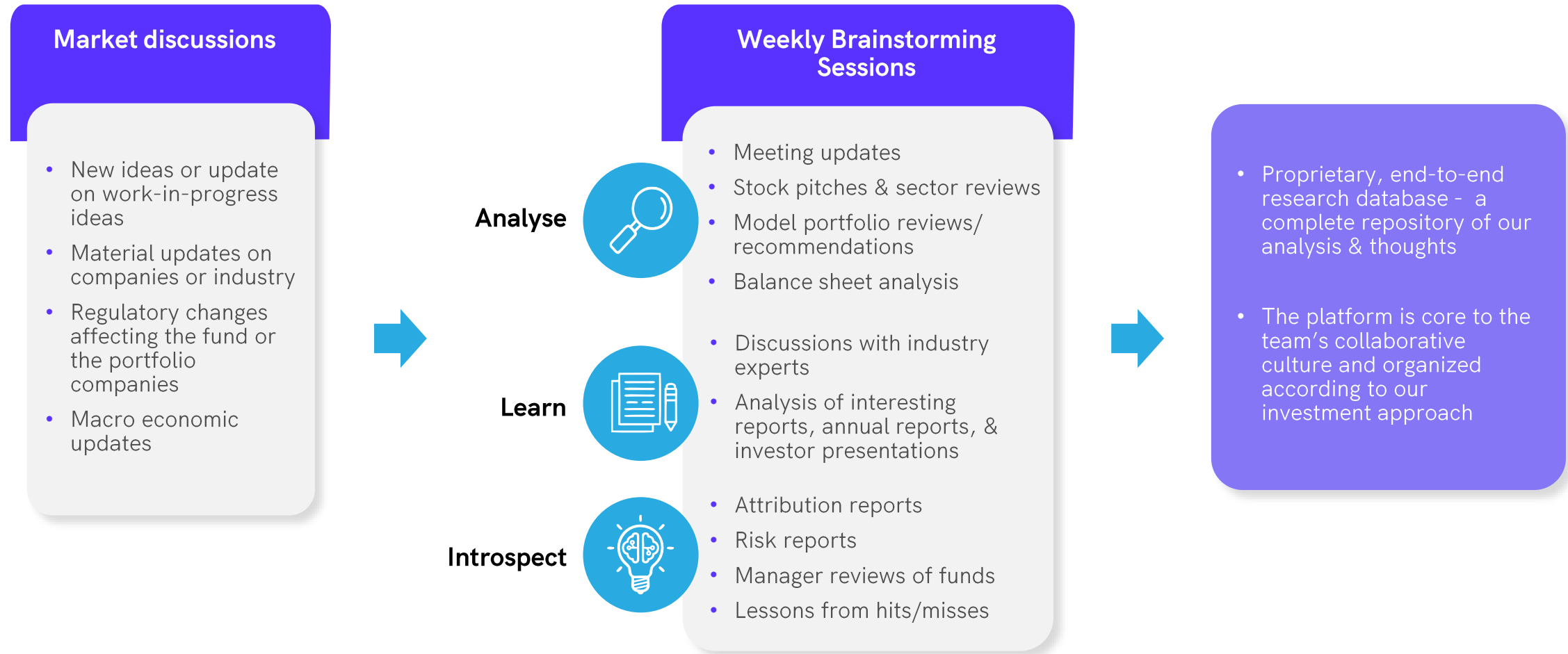


## Valuations

- Offering a favorable risk-reward ratio.
- Valuations not the sole investment criteria.
- Avoid value traps and short-term fads.



# Team Meetings & Research Interactions



# Why Invest Now?



## High Valuation

Considering the current record-high levels in the equity market, opting for a Balanced Fund could be a strategic decision



## Long Term Wealth

Asset allocation plays a pivotal role in long-term wealth creation.



## Attractive Valuation at Debt side

Yields are looking attractive since they are trading at historically high levels.



## Recent Taxation Changes\*

With Debt and Debt Hybrid Funds taxed at marginal rate, investing in Balanced Hybrid Fund still offers Indexation benefit at slightly higher risk

# Who should consider investing?

First Time Investors



Investor preferably who have investment horizon of 3 years and above



Investors seeking a blend of Debt and Equity exposure while minimizing volatility.



Retired individuals aiming to generate tax-efficient returns compared to traditional investment options.



Investors seeking options beyond conventional debt funds for investment



# Scheme Details

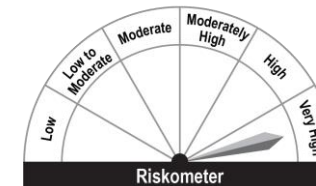
Particulars	Details
Name of the scheme	360 ONE Balanced Hybrid Fund
Type of Scheme	An open ended balanced scheme investing in equity and debt instruments
Scheme Code	360O/O/H/BHF/23/07/0007
Investment Objective	The Investment objective of the fund is to generate long term capital appreciation/income by investing in equity and debt instruments. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The Scheme does not assure or guarantee any returns.
Benchmark	Nifty 50 Hybrid Composite Debt 50:50 Index
Plans and Options	Regular Plan & Direct Plan (Growth Option & Income Distribution cum Capital Withdrawal (IDCW) Option)
Minimum Application Amount	Rs. 1000 ( and in multiples of Re.1 thereafter)
Exit Load Structure	For redemption/switch-out of units before 12 months from the date of allotment : 1% For redemption/switch-out of units on or after 12 months from the date of allotment : NIL
Fund Manager	Mr. Milan Mody (Debt Portion) Mr. Mayur Patel (Equity Portion)
NFO Period	4 <sup>th</sup> to 18 <sup>th</sup> Sept 2023
Reopening date:	3 <sup>rd</sup> Oct 2023

## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- To create wealth and income in the long term
- Investment in equity and equity-related securities and fixed income instruments.

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.  
(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made)

### Scheme Riskometer



Investors understand that their principal will be at Very High Risk

### Benchmark Riskometer



Nifty 50 Hybrid Composite Debt 50:50 Index

# Investment Team



## **Milan Mody, Senior Vice President**

### **Fund Manager- 360 ONE Balanced Hybrid Fund (Debt Portion)**

Milan has over 18 years of work experience in the Fixed Income market. Prior to joining 360 ONE Asset Management Limited (Formerly Known as IIFL Asset Management Limited), he was associated with ITI Asset Management Limited as Fixed Income Fund Manager for three years. His previous experience includes working with Darashaw, Birla Sun-life Securities, Sahara Life Insurance and Zyin Research Pvt. Ltd. He has done MBA Finance, B.Com.

Mr. Mody is also managing 360 ONE Liquid Fund and 360 ONE Dynamic Bond Fund schemes of 360 ONE Mutual Fund.



## **Mayur Patel, Senior Executive Vice President**

### **Fund Manager- 360 ONE Balanced Hybrid Fund (Equity Portion)**

Mayur has 18 years of experience, including 15 years in the investment research and management domain. Prior to 360 ONE Asset Management, Mayur was associated with DSP Investment Managers Private Limited (formerly known as DSP BlackRock Investment Managers Private Limited), where he was a fund manager for the equity portfolios of DSP BlackRock Equity Savings Fund and MIP Fund. He joined DSP in September 2013 as an Analyst in the Equities team.

He has previously worked with Spark Capital as Lead Analyst, Energy in their institutional broking division and prior to that, been a part of Tata Motors and CRISIL. In 2014, he was ranked first in the StarMine Top Stock Picker award in the Energy sector. He is a Chartered Accountant and a CFA charter holder.

Mr. Patel is also managing 360 ONE Focused Equity Fund and 360 ONE Flexicap Fund schemes of 360 ONE Mutual Fund.

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# Disclaimer

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The above commentary/opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment or tax advice. The above commentary should not be construed as a research report or a recommendation to buy or sell any security. The information / data herein alone is not enough and shouldn't be used for the development or implementation of an investment strategy. The above commentary has been prepared based on information, which is already available in publicly accessible media or developed through analysis of 360 ONE Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be considered before interpreting this commentary. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the stocks may or may not continue to form part of the scheme's portfolio in future. The decision of the Investment Manager may not always be profitable as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. The statements made herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions 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. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither 360 ONE Mutual Fund (Formerly known as IIFL Mutual Fund) / 360 ONE Asset Management Ltd, its associates, directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

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

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Thank you

# Annexure



# Taxation : Balanced Hybrid vs Others (in detail)

Benefit from Indexation : Shields investments against inflation, ensuring that capital gains are taxed at a reduced rate, preserving real returns

Total Income is	More than Rs 50 lakhs ≤ Rs 1 Crore			More than Rs 1 Crore ≤ Rs 2 Crore			More than Rs 2 Crore ≤ Rs 5 Crore			Less than Rs 50 lakhs (For Individual)		
For HNI	Balanced Hybrid	Equity	Fixed Income	Balanced Hybrid	Equity	Fixed Income	Balanced Hybrid	Equity	Fixed Income	Balanced Hybrid	Equity	Fixed Income
Surcharge	10%	10%	10%	15%	15%	15%	15%	15%	25%	0%	0%	0%
Tax rate*	22.88%	11.44%	34.32%	23.92%	11.96%	35.88%	23.92%	11.96%	39.00%	20.80%	10.40%	31.20%
Tax payable	1.25%	1.32%	2.37%	1.30%	1.38%	2.48%	1.30%	1.38%	2.69%	1.13%	1.20%	2.15%
Effective Tax Rate	11.93%	11.44%	34.32%	12.48%	11.96%	35.88%	12.48%	11.96%	39.00%	10.85%	10.40%	31.20%

Total Income is	More than Rs 50 lakhs ≤ Rs 1 Crore			More than Rs 1 Crore ≤ Rs 2 Crore			More than Rs 2 Crore ≤ Rs 5 Crore		
For Corporates	Balanced Hybrid	Equity	Fixed Income	Balanced Hybrid	Equity	Fixed Income	Balanced Hybrid	Equity	Fixed Income
Surcharge	7%	7%	7%	10%	10%	10%	12%	12%	12%
Tax rate*	22.26%	11.13%	33.38%	22.88%	11.44%	25.17%	23.30%	11.65%	34.94%
Tax payable	1.21%	1.28%	2.30%	1.25%	1.32%	1.74%	1.27%	1.34%	2.41%
Effective Tax Rate	11.61%	11.13%	33.38%	11.93%	11.44%	25.17%	12.15%	11.65%	34.94%

Note: The above table is only for illustration purposes and to show taxation impact on returns for investments over 3 years period. \*Base Tax rate assumed at highest slab rate: 30% for HNI and 25% for Corporates.

33 Indexation rate assumed at 5% (last 23 years average Cost Inflation Index). For Balanced Hybrid, we have taken returns for NIFTY 50 Hybrid Composite Debt 50:50 Index average 3 years rolling returns from Jan 2011 to July 2023. Similarly, for Equity we have taken Nifty 100 TRI and for Fixed Income we have taken Nifty 10 yr Benchmark G-Sec performance for similar period. Please consult your tax advisor for tax related matters.

# Debt Investment Process (in detail)

