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Build Portfolios for **TOMORROW'S OPPORTUNITIES**



Introducing Bandhan Innovation Fund

Invest Now

NFO Opens: 10th April 2024
NFO Closes: 24th April 2024

Scheme Riskometer



Investors understand that their principal will be at Very High risk

Bandhan Innovation Fund

(An open-ended scheme following an innovation theme)

This product is suitable for investors who are seeking*:

- To create wealth over a long term.
- Investment predominantly in equity and equity-related instruments of companies following innovation theme.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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

INNOVATION is the practical implementation of ideas that result in the introduction or improvement in offering goods or services



Post

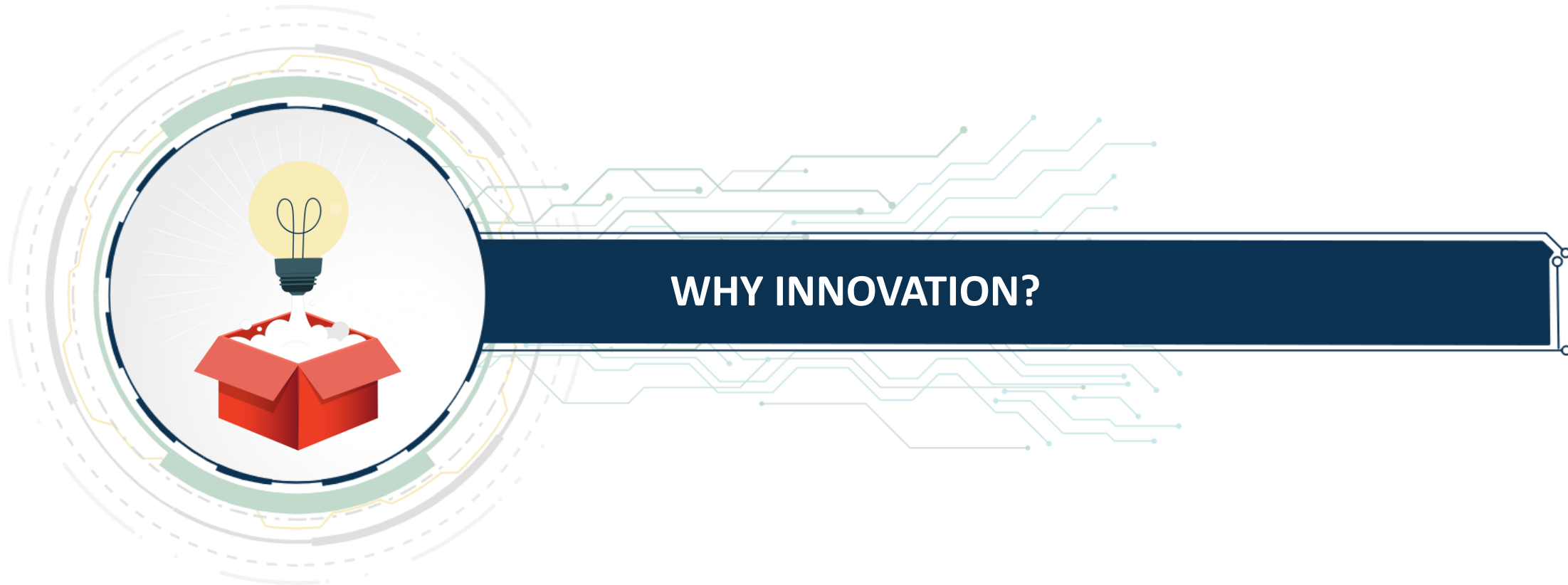


Email



Instant Messaging

INNOVATION IN MESSAGING



WHY INNOVATION?

Innovation helps companies holistically



Survival in a competitive landscape



Improvement in market share



Increase productivity and efficiency (reduce costs)



Potential to increase revenue/profit margin

Innovation may lead to long term wealth creation

Market Trend: Nasdaq v/s S&P500

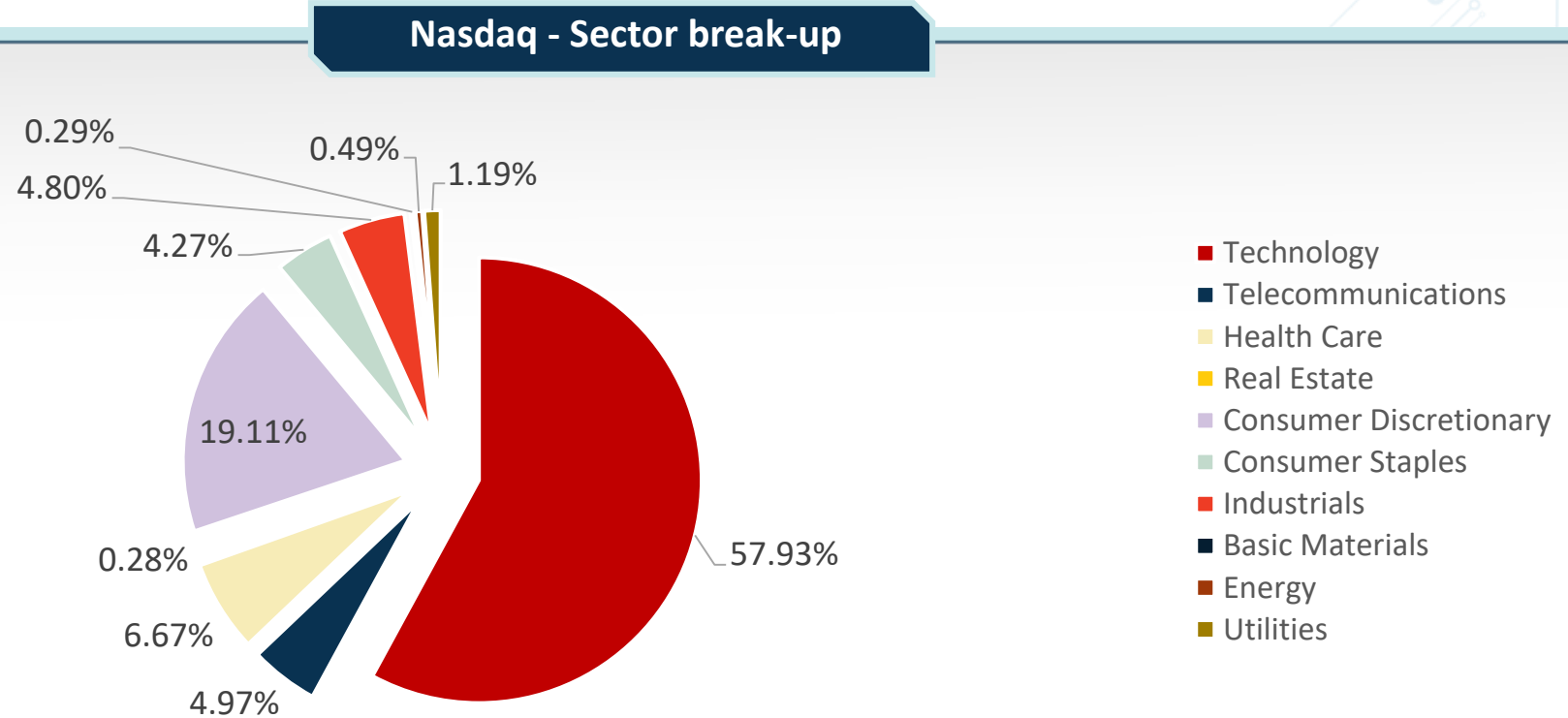


NASDAQ reflects innovative companies; Nasdaq's 35x Returns Outpace S&P 500's 14x Over 34 Years

Source: Bloomberg. Nasdaq Composite Index and S&P 500 Index data are shown for the period Dec 1989 to Jan 2024. Index is rebased at 1000 and shown in the graph above. Past performance may or may not be sustained in the future.



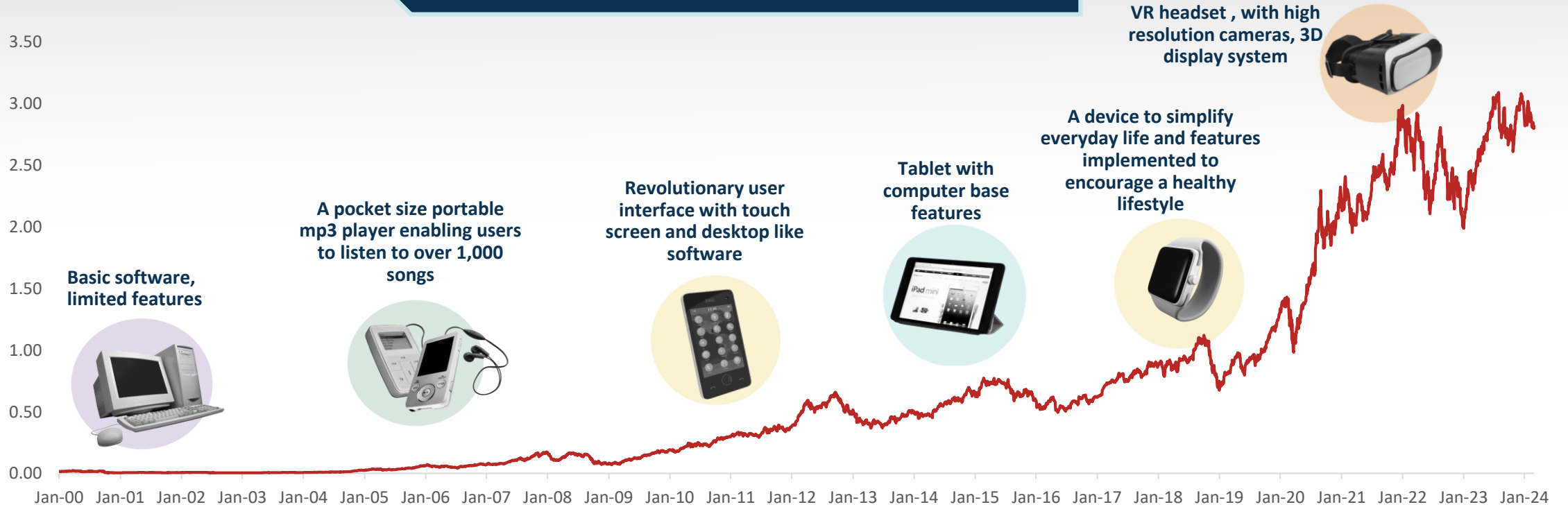
Innovation is diversified across sectors such as Tech, Healthcare, Consumer Discretionary



Innovators (companies) present in Nasdaq, were able to set market trends and create entirely new markets opportunities through research and innovation in service and products

Case Study I (International) – Innovation in Products

Company - Market Cap Trend (Trillions \$)

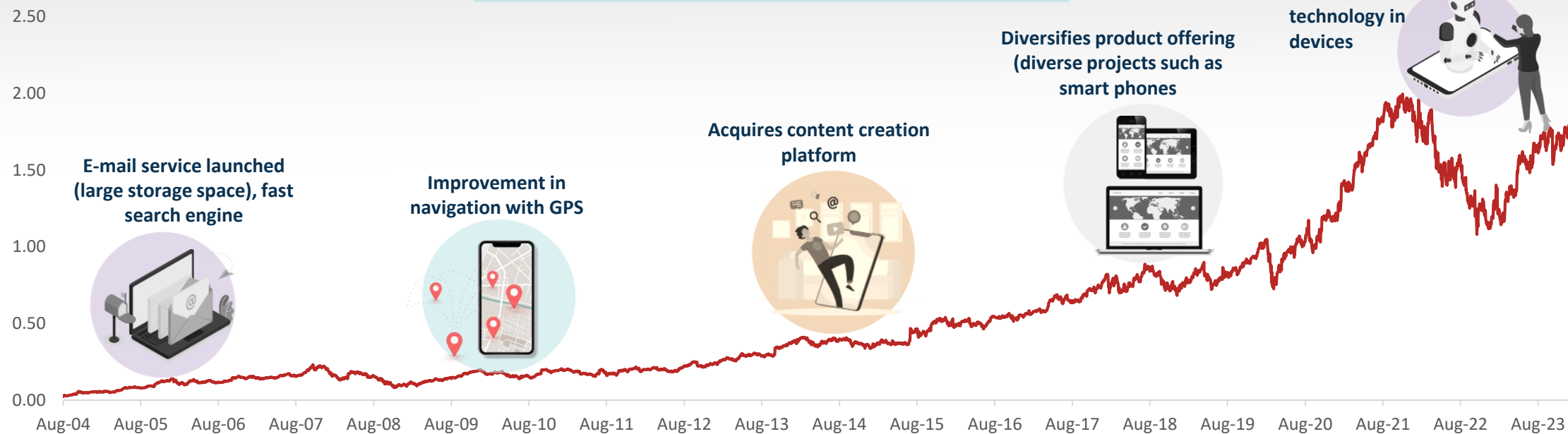


MNC's Market Cap Expanded \$3 Trillion in 24 years
R&D encourages scientific innovations and spur patents leading to productive growth

Source : Bloomberg; Source Bloomberg. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from Bandhan Mutual Fund or indicative portfolio of any scheme of Bandhan Mutual Fund. Bandhan Mutual Fund may or may not hold any position in these sectors/stocks. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of Bandhan Mutual Fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and market conditions at the time of investment. Past performance may or may not be sustained in the future.

Case Study II (International) - Innovation in Service and Technology

Company - Market Cap Trend (Trillions \$)



- Market Cap expanded to \$2 trillion in 19 years
- High R&D investment led to service and product innovation
- Company focusing on search engine technology

Source: Bloomberg. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from Bandhan Mutual Fund or indicative portfolio of any scheme of Bandhan Mutual Fund. Bandhan Mutual Fund may or may not hold any position in these sectors/stocks. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of Bandhan Mutual Fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and market conditions at the time of investment. Past performance may or may not be sustained in the future.

Innovation happening across sectors



Finance



Auto Ancillaries



Technology



Healthcare



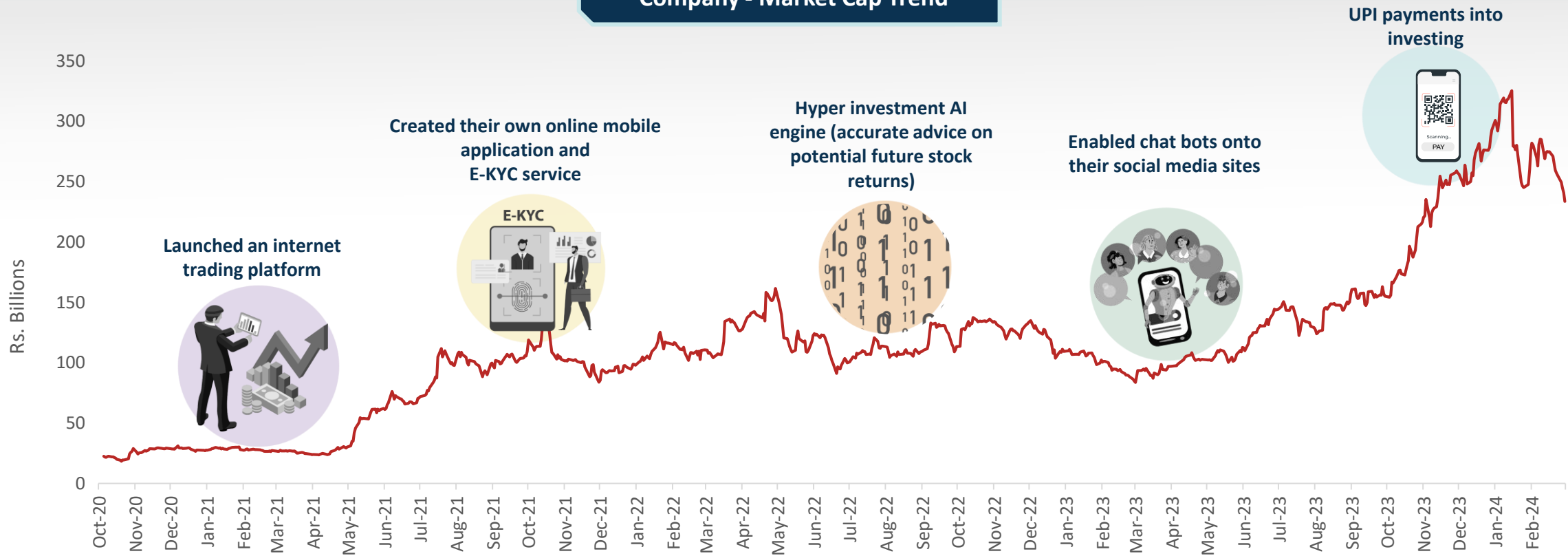
Entertainment



Retail

Case Study I (Domestic) - Innovation in Financial Services: A full-service stock brokerage

Company - Market Cap Trend

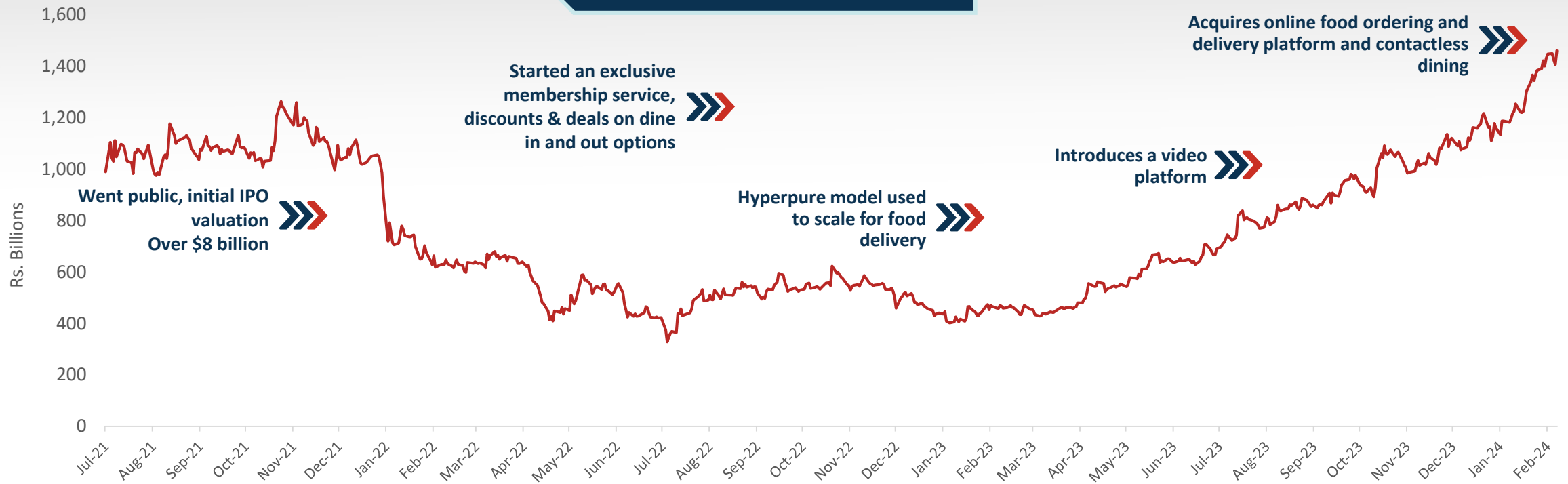


Started as a brick-and-mortar enterprise, then transformed into a digital platform

Source: Bloomberg. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from Bandhan Mutual Fund or indicative portfolio of any scheme of Bandhan Mutual Fund. Bandhan Mutual Fund may or may not hold any position in these sectors/stocks. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of Bandhan Mutual Fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and market conditions at the time of investment. Past performance may or may not be sustained in the future.

Case Study II (Domestic) - Innovation in Technology: A new age food delivery company

Company - Market Cap Trend



Evolution to a new age online logistics company, started from restaurants listing to food delivery, and now innovated to offer quick commerce

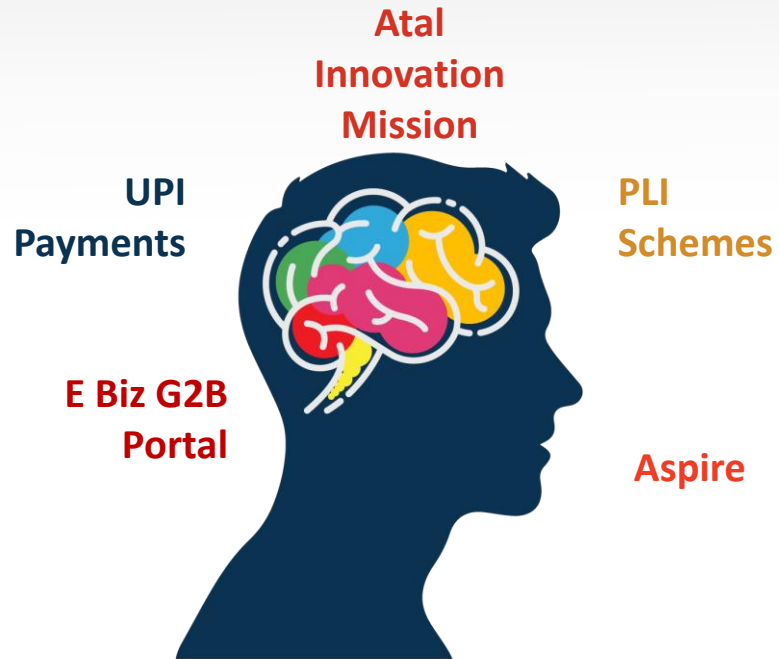
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WHY INNOVATION NOW?

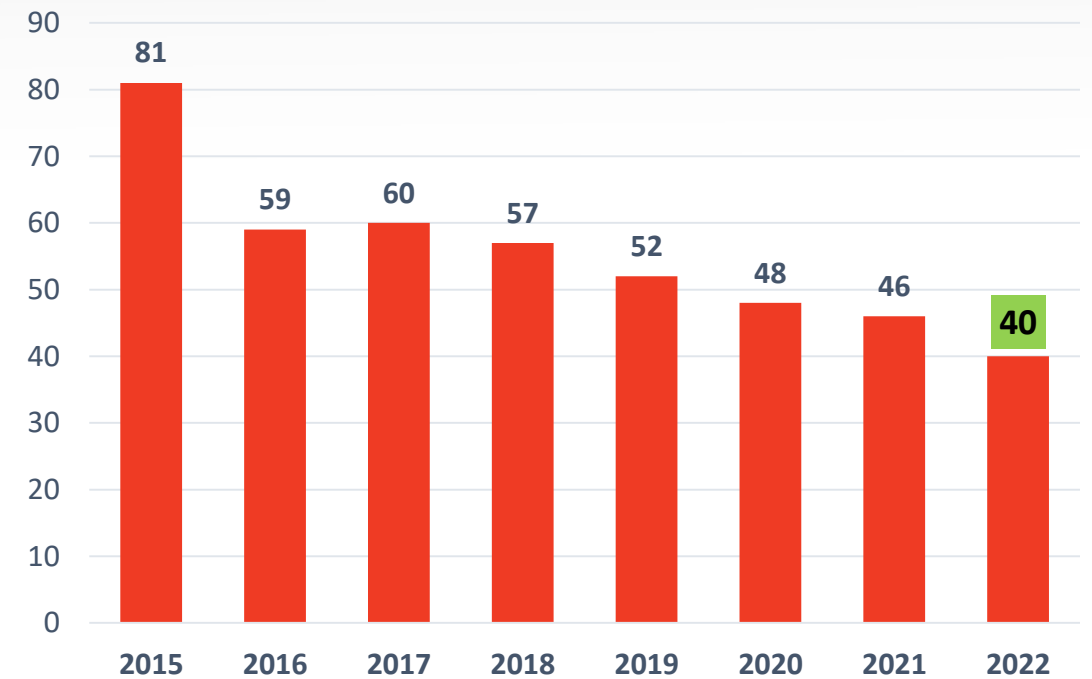
Structural initiatives fueling innovation – India’s rank improved significantly

Structural Initiatives

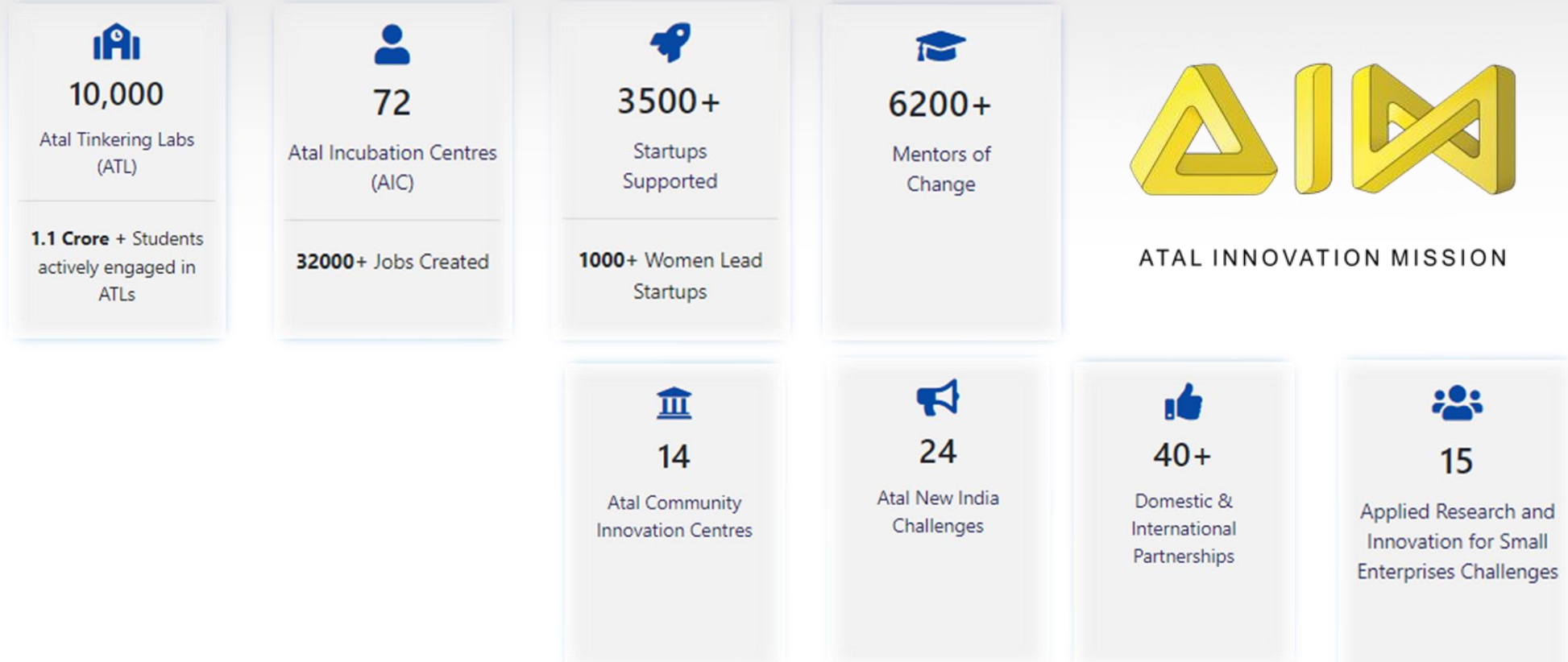


Companies Market Cap

India’s Global Innovation Rank (GII)



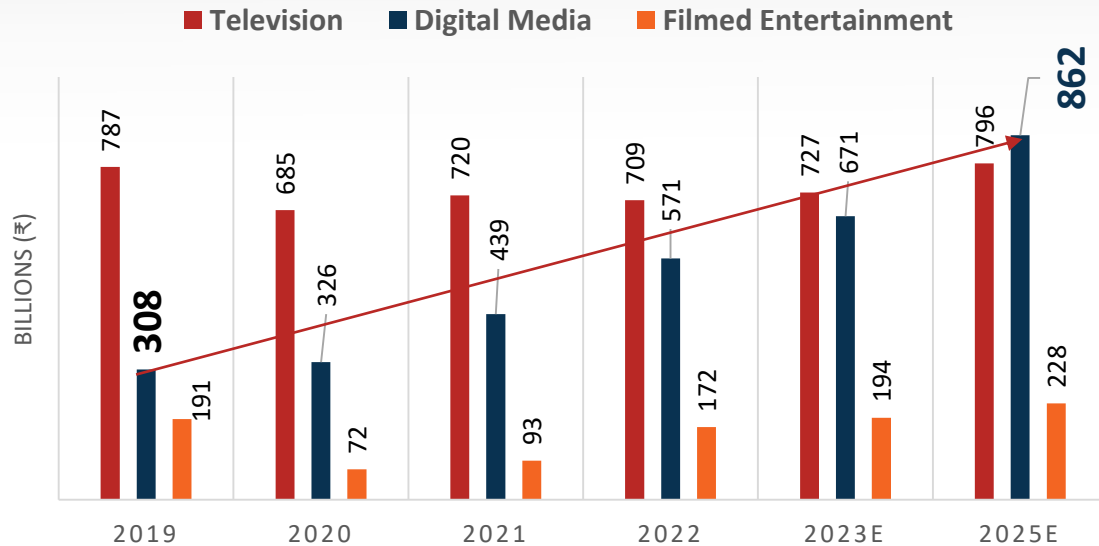
Government initiative to create and promote a culture of innovation



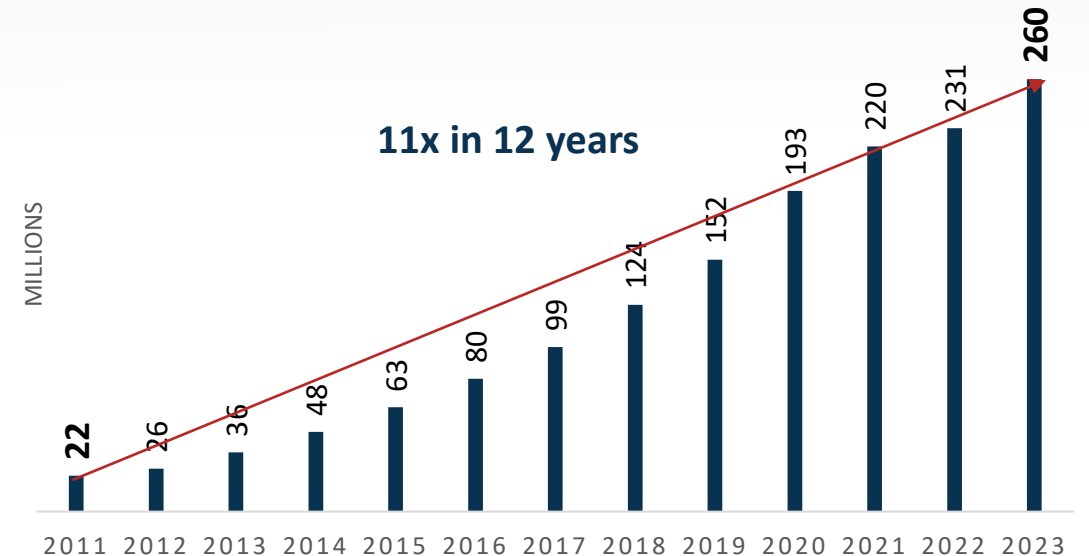
Atal Innovation Mission (AIM) is Government of India's flagship initiative to create and promote a culture of innovation

Innovation in Entertainment - Digital media expected to grow ~3X in 6 years

India's M&E Sector



Increase in OTT subscribers



- Digital media projected CAGR of 14.7% over 6 years
- Expected to overtake traditional television packages

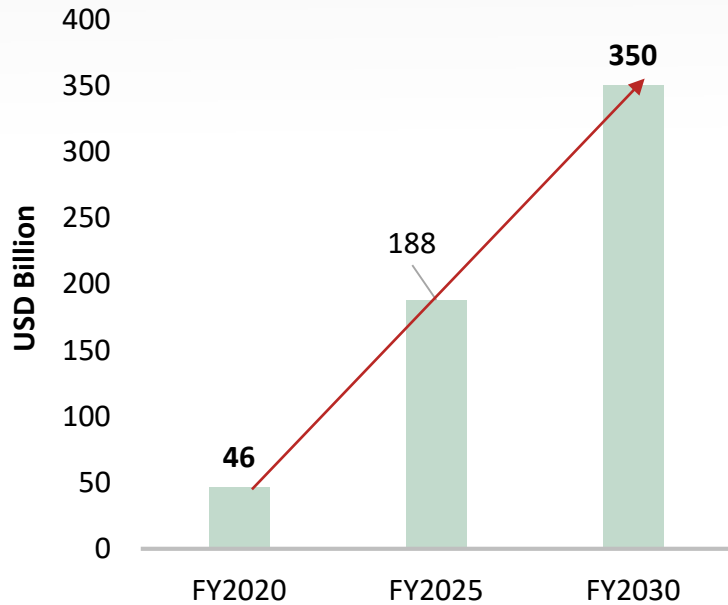
- OTT platforms offer a wide range of content
- OTT outcompetes traditional media with up-to-date content leading to increase in subscription

Source: EY, Above data is shown for growth in revenue. (Investor relation letter) Subscription service platforms. M&E: Media and Entertainment. Past performance may or may not be sustained in the future.

Innovation in Retail – E-commerce is expected to expand ~7x in 10 Years

By 2030, India's e-commerce market is projected to be the 2nd largest globally, with an estimated 500-600 million shoppers

INDIAN E-COMMERCE MARKET



Convenience Stores



- Low scale
- Limited stock
- Inefficient inventory management

Supermarkets



- Medium scale
- Stock variety improved
- Introduction to automation

E-commerce



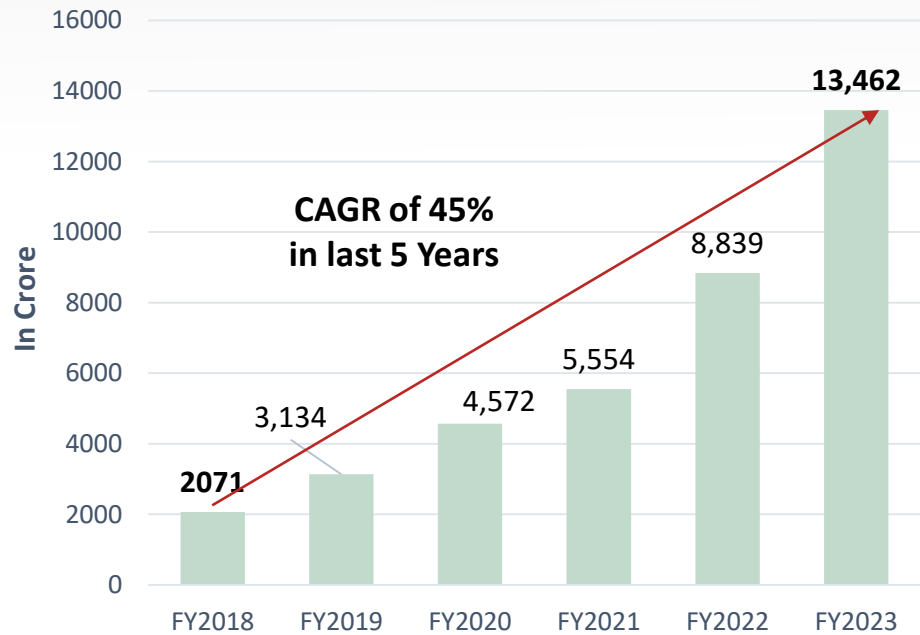
- Global scale
- Efficient inventory management, supply chain
- Access to delivery options

Source: IBEF, Invest India. Past performance may or may not be sustained in the future.

Innovation in Banking – Led to the invention of digital wallets

Innovation improved user interface, leading to creation of digital wallet

Total digital payment transaction volume



Bank notes, Cheques, Cash



Debit and Credit Cards

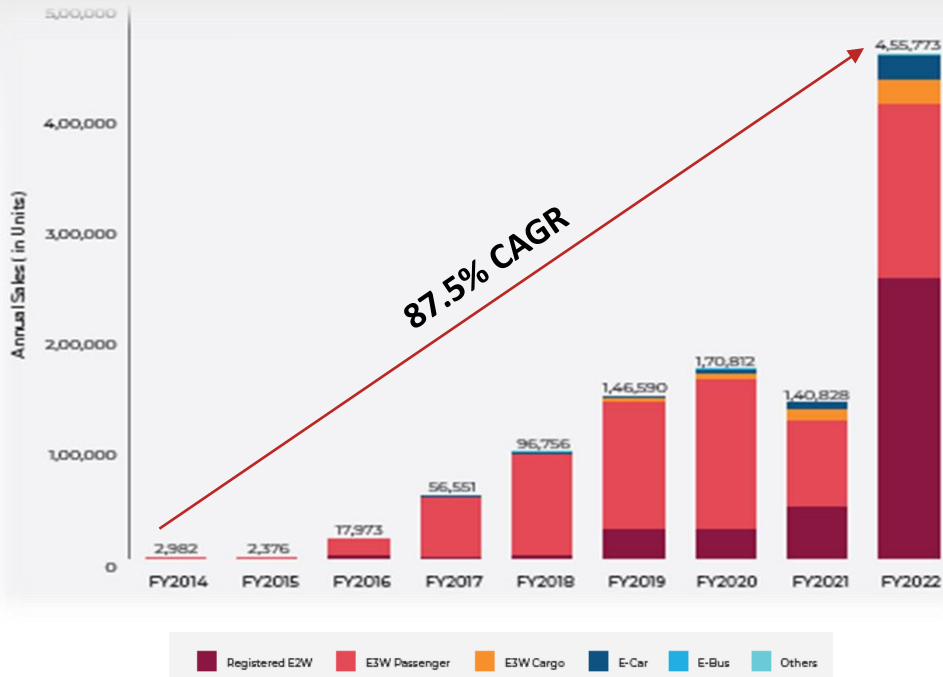


Mobile banking, digital wallets

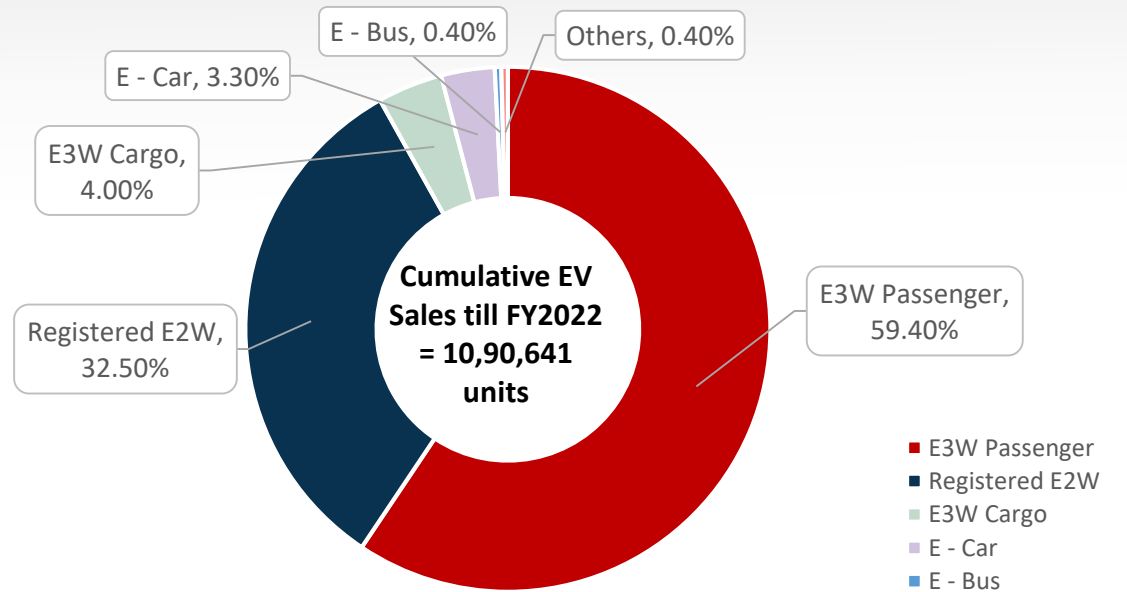


Innovation in Auto – EVs have huge potential

EV Annual Sales Trend – India (FY2014-22)



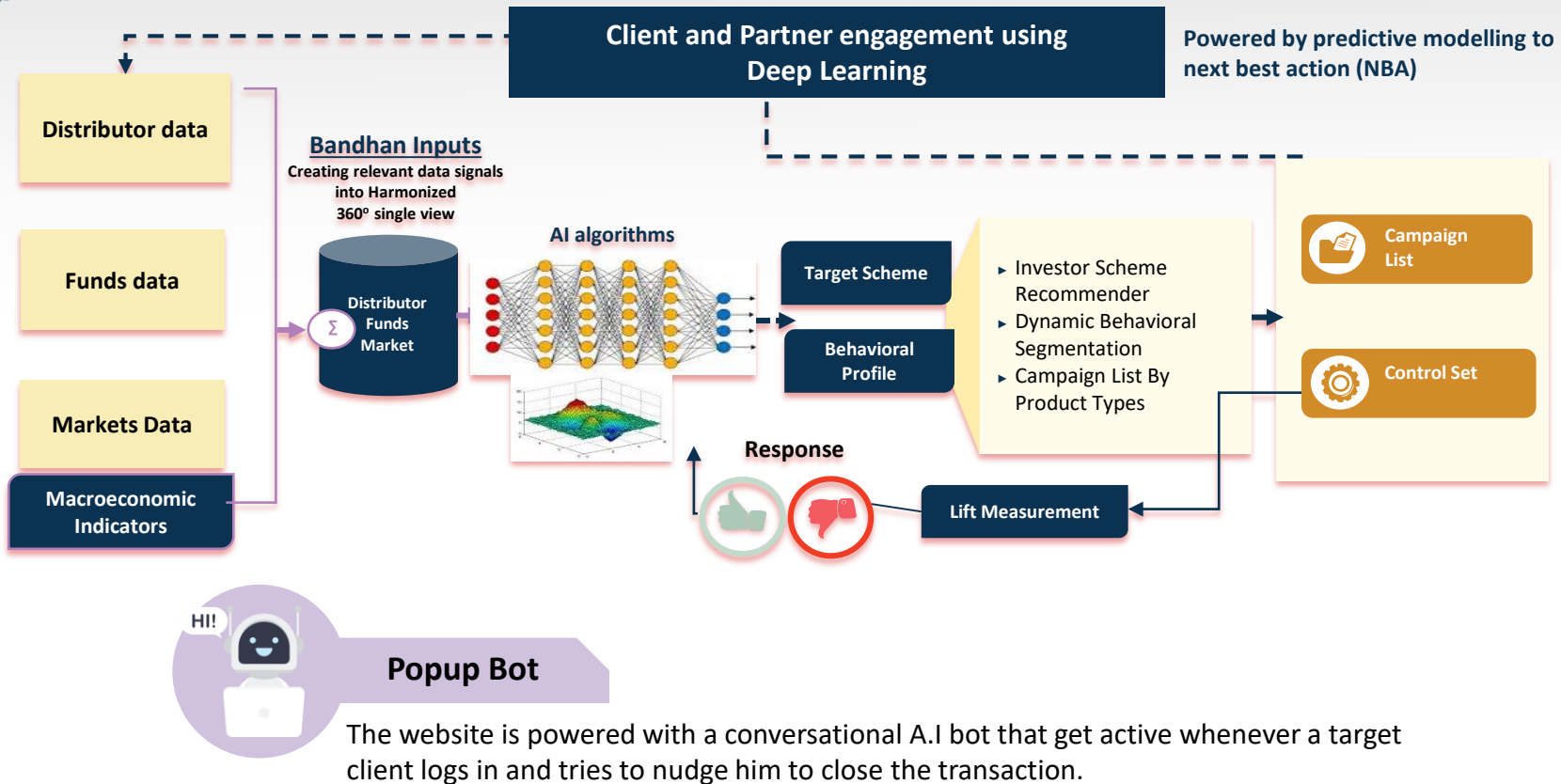
Vehicle Category-wise Market Share (FY2014-22)



India aims for net zero emissions by 2070 (Paris Climate Agreement), an enabler for potential increase in EV sales

Source : JMK Research & Analytics. Past performance may or may not be sustained in the future.

Innovation in the Mutual Fund space



Sales co-pilot

Sales co-pilot is enabled with A.I to assist on Sales RMs by providing actionable insights through push notifications (Nudge). Also has pre-created Dashboards and an NLP power 'Ask Data' facility

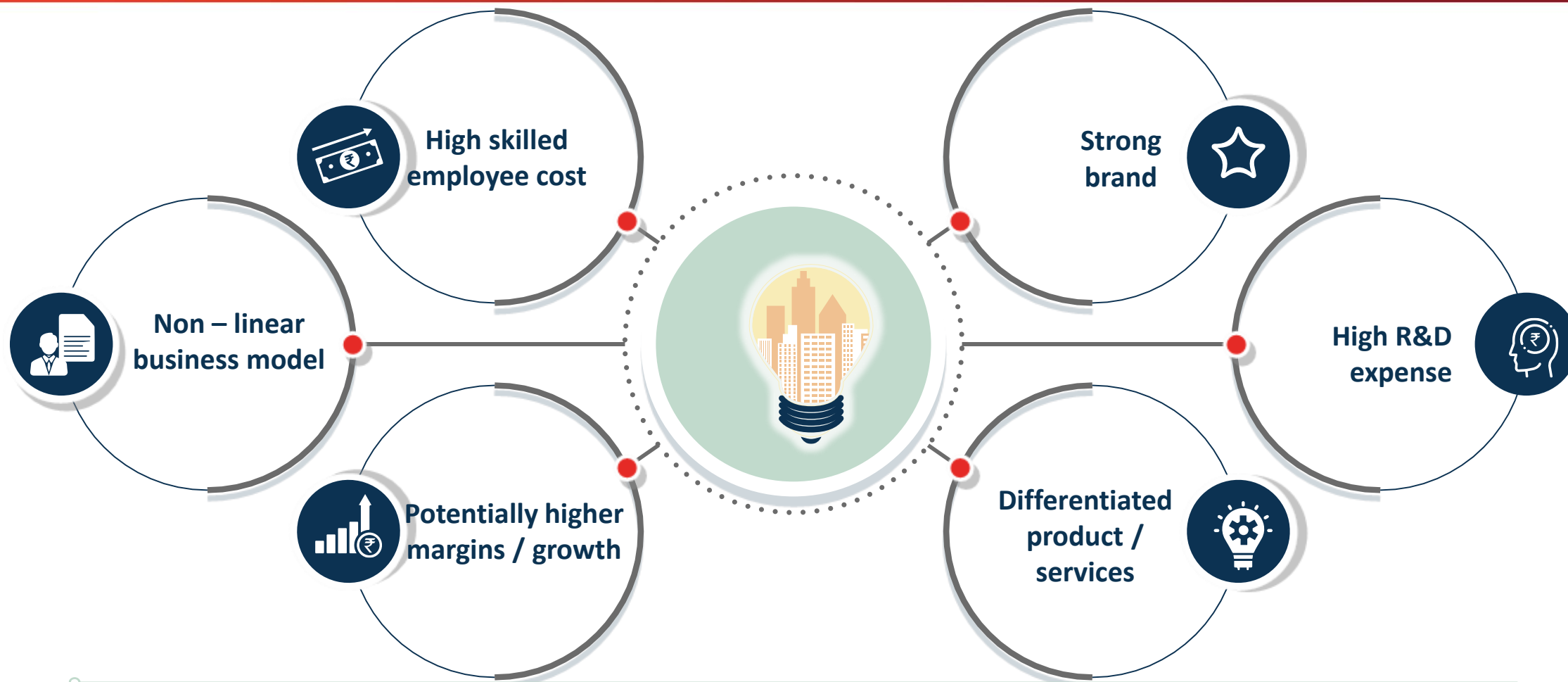


This co-pilot could soon be powered by **Generative AI capability** to enable users with LLM capability to query the data.



WHY BANDHAN INNOVATION FUND?

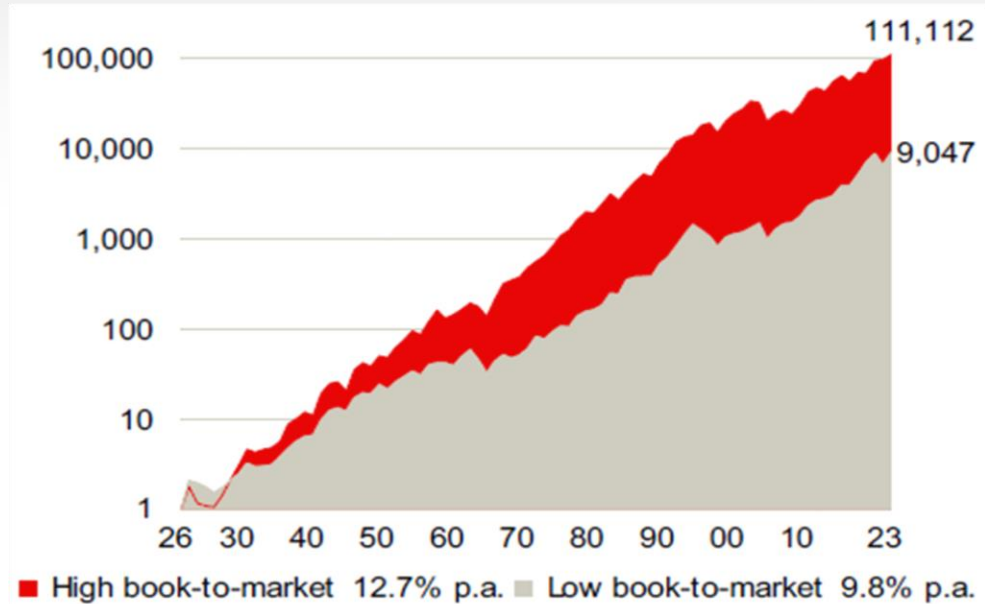
Characteristics of innovative companies we would be looking at



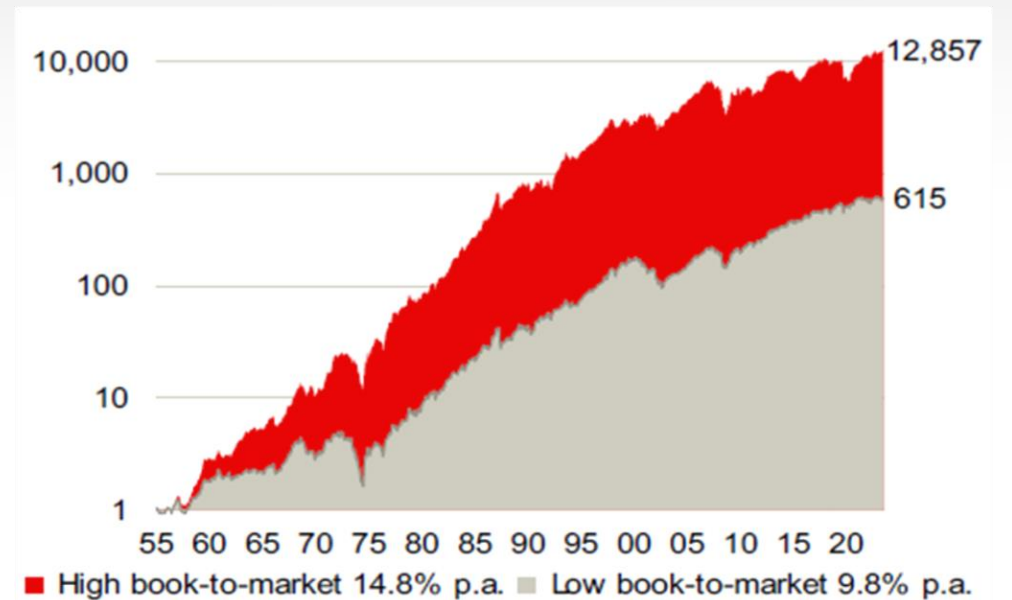
These characteristics usually lead to the company having a high Price to Book valuation as there is a higher weight of intangible value vs physical assets

High Price/Book companies outperformed across US & UK markets

US Market – Period 1926–2023



UK Market – Period 1955 – 2023



Long-run cumulative performance from high versus low book-to-market stocks in the US and UK

Fund's investment framework

Industry leading companies with high investment into R&D.


Companies that can create entirely new markets and have a high market share.



Leading Innovators

Companies that leverage innovation to create a competitive advantage.

Focus on improving existing services/product offering.



Rising Innovators

Companies identifying market gaps, creating new products/services that disrupt the sector.

Companies with low market share but strong growth projection.

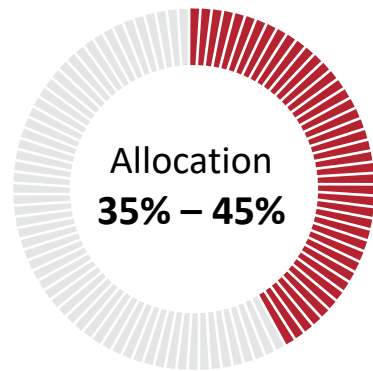


Emerging Innovators

Portfolio construction approach



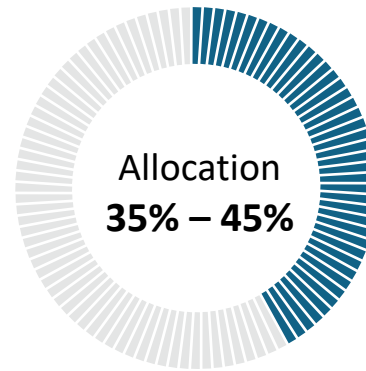
Leading Innovators



- **Typical Industries:**
Internet, Software, Pharma proprietary products etc.
- Estimated to have around 10% of S&P BSE500 weight



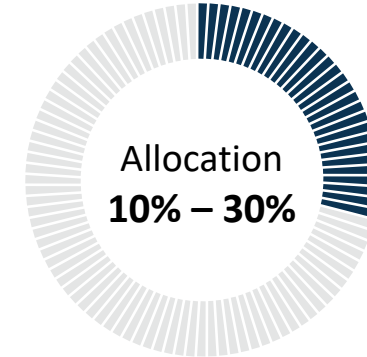
Rising Innovators



- **Typical industries:**
Consumer discretionary, Financial services, Healthcare
- Estimated to have around 20% of S&P BSE500 weight



Emerging Innovators



- **Typical industries:**
Low innovation companies, Offshore innovating companies, Commodity stocks, etc.
- Companies other than Leading/Rising innovators

Criteria for selecting Universe: i) Classification is linked to P/B & ii) Top 40% of S&P BSE500 universe based on Price/Book

Risk associated with the theme



Market risk

Risk that companies in specific sectors will not achieve its expected earnings results, or that an unexpected change in the market or the company may occur, both of which may adversely affect investment results.



Uncertain commercial returns

Research might not guarantee the future revenues and profits.

The longer the development timescale, the greater the risk that research is overtaken by competitors too.



Competition

An innovation only confers a competitive advantage if competitors are not able to replicate it in their own businesses.

There is a risk that innovative products and processes could be hard to protect.

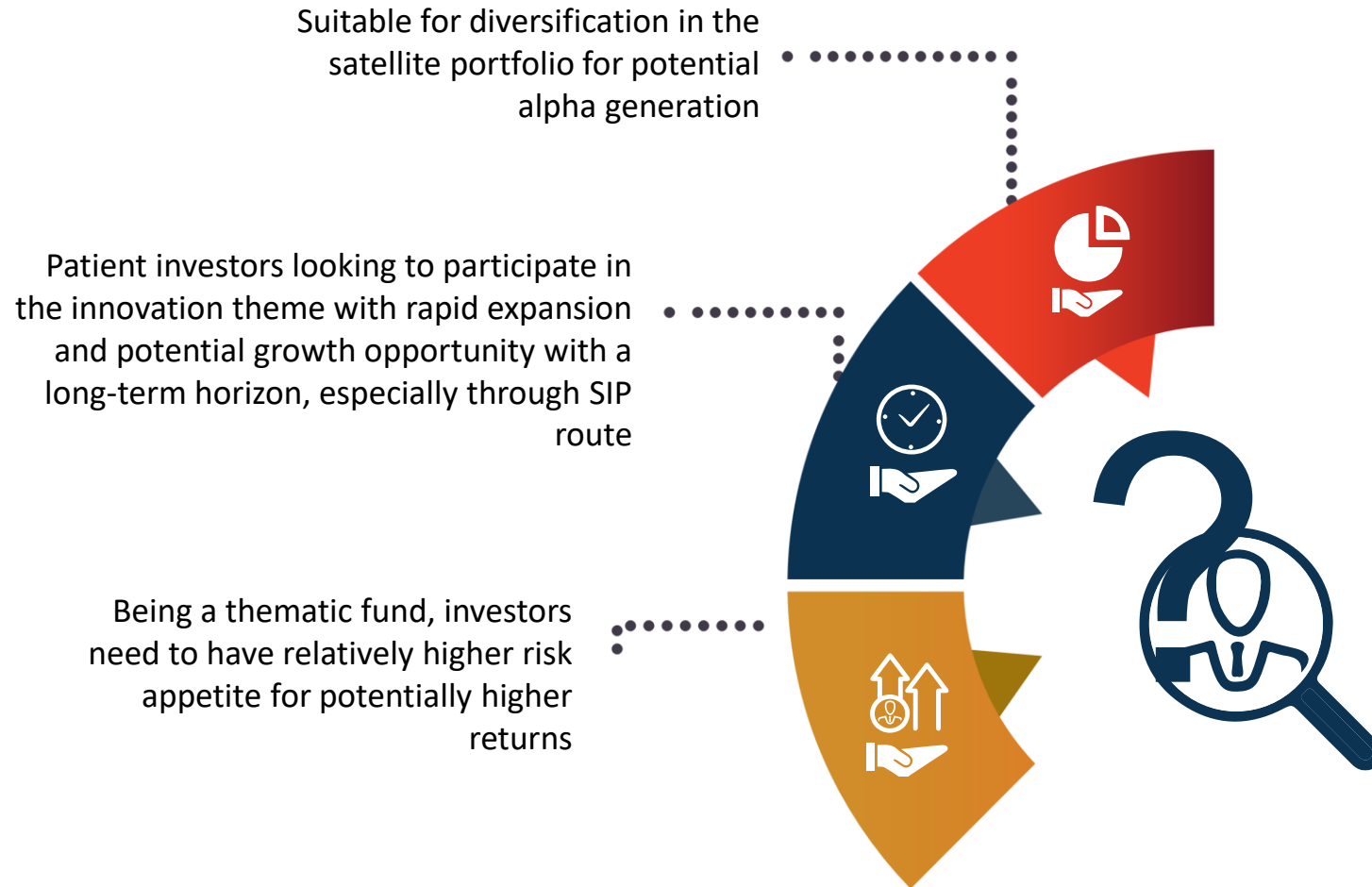


Financial risk

Like other business activities, R&D has to compete for scarce cash.

Given the risks involved, R&D demands a high required rate of return. That means that for businesses that have limited cash resources, the opportunity cost of investing in R&D can be very high.

Who is this fund suitable for?



Key takeaway

FOCUSED APPROACH

A thematic portfolio investing in companies with strong innovation characteristics/ frameworks

UNIQUENESS

Focus on innovation across market cap and themes such as auto, internet-based cos., fintech etc.

LONG-TERM PERSPECTIVE

Aligned with growth trajectory of innovation focused companies

ACTIVE SHARE

Aggressive portfolio with significantly high active share

Summary

WHY INNOVATION?

- Innovation helps company to **survive in a competitive landscape, optimize productivity and efficiency** as well as potentially **increase revenue/profit margin**
- Innovation is happening across sectors such as **Finance, Auto, Technology, Healthcare, Entertainment and Retail** etc.

WHY NOW?

- Structural initiatives fueling innovation – **India's rank leaping from 81 in 2015 to 40 in 2022**
- Innovation in Entertainment - Digital media expected **to grow ~3X in 6 years**
- Innovation in Retail – E-commerce is expected **to expand ~7x in 10 Years**

WHY BANDHAN INNOVATION FUND?

- Bandhan Innovation Fund offers a prospect to invest in **portfolio of tomorrow's opportunities**
- Fund would seek to invest in innovators having characteristics such as **strong brand, potentially higher margins/ growth, differentiated product/ services, high R&D expense, high skilled employee cost as well as non-linear business model**

About the fund manager



Manish Gunwani
Head - Equities

Mr. Manish Gunwani joined Bandhan AMC in January 2023 as the Head of Equities. He brings rich fund management experience and an excellent track record of wealth creation for investors. Manish's proven expertise and successful track record would help further enhance the equity franchise of the fund house.

He has over 25 years of rich experience, covering the entire gamut of equity research as well as fund management. In his previous assignment, Manish was the Chief Investment Officer - Equities at Nippon India Mutual Fund where he was responsible for equity AUM exceeding Rs 1.2 lakh crores. Under his leadership, equity funds saw broad-based and steady improvement in performance. Before this, he was the Deputy CIO (Equities) at ICICI Prudential AMC, where he was instrumental in scaling up two flagship funds to a cumulative AUM of over Rs. 35,000 crores.

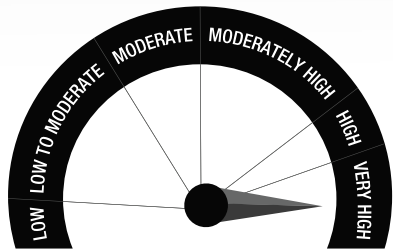
Manish graduated from IIT Madras and has a postgraduate diploma in management from IIM Bangalore.

Fund details

Benchmark	Nifty 500 TRI
Exit Load	<ul style="list-style-type: none">• If redeemed/switched out within 30 days from the date of allotment: 0.50% of the applicable NAV• If redeemed/switched out after 30 days from date of allotment – Nil
Fund Managers	Equity portion: Mr. Manish Gunwani Debt portion: Mr. Brijesh Shah Overseas portion: Ms. Ritika Behera
Investment Objective	The Scheme seeks to generate long-term capital appreciation by investing predominantly in equity and equity-related instruments of companies following innovation theme. Disclaimer: There is no assurance or guarantee that the scheme's objectives will be realized.
Subscription	Lumpsum purchase - Rs. 1000/- and in multiples of Re. 1/- thereafter Additional purchase – Rs. 1000/- and any amount thereafter; Repurchase/Redemption - Rs. 500/- or the account balance of the investor, whichever is less SIP - Rs. 100/- and in multiples of Re. 1 thereafter [Minimum 6 installments] SWP - Rs. 200/- and any amount thereafter; STP - Rs. 500/- and any amount thereafter

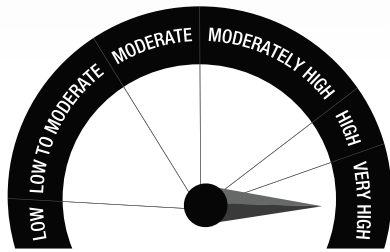
Product Label

Benchmark Riskometer



NIFTY 500 TRI

Scheme Riskometer



Investors understand that their principal will be at Very High risk

Bandhan Innovation Fund Thematic Fund

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Glossary

Innovation is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services

Non-linear Business Model: Businesses that are not very dependent on resources like people, capital, physical footprint, etc.

Active Share: The difference between a portfolio's holdings compared to the benchmark index

Aspire: A scheme set up to create a network of incubation and technology centers across India aiming to boost the rate of innovation and entrepreneurship

PLI Schemes: Production linked incentive schemes incorporated by the government to accelerate productivity across main industry sectors

Atal mission: Atal innovative mission, India's flagship initiative set to encourage innovation culture through incubation centers, labs etc.

E Biz G2B Portal: Government to business services created to reduce contact between business entities and government agencies, increasing transparency and speed

UPI Payments: Digitalized banking system, facilitating instant and real time payments

Disclaimer

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MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

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