



UNLOCK THE VAULT OF POTENTIAL OPPORTUNITIES

Introducing the
Bandhan Financial Services Fund

NFO Opens: 10th July, 2023 | NFO Closes: 24th July, 2023



**WHY FINANCIAL
SERVICES?**



WHY NOW?



**WHY BANDHAN
FINANCIAL
SERVICES FUND?**





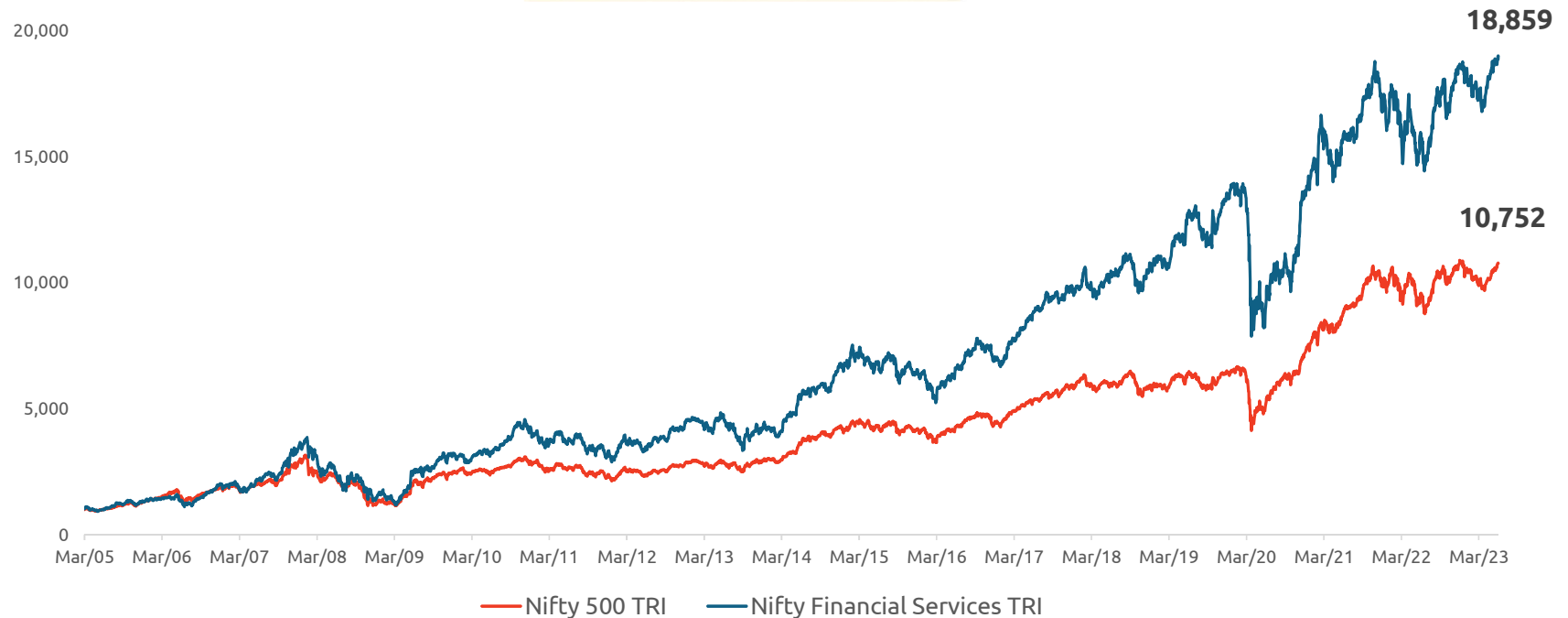
**WHY FINANCIAL
SERVICES?**





Financial services sector has a solid track record of wealth creation over the long run

Historical Trend



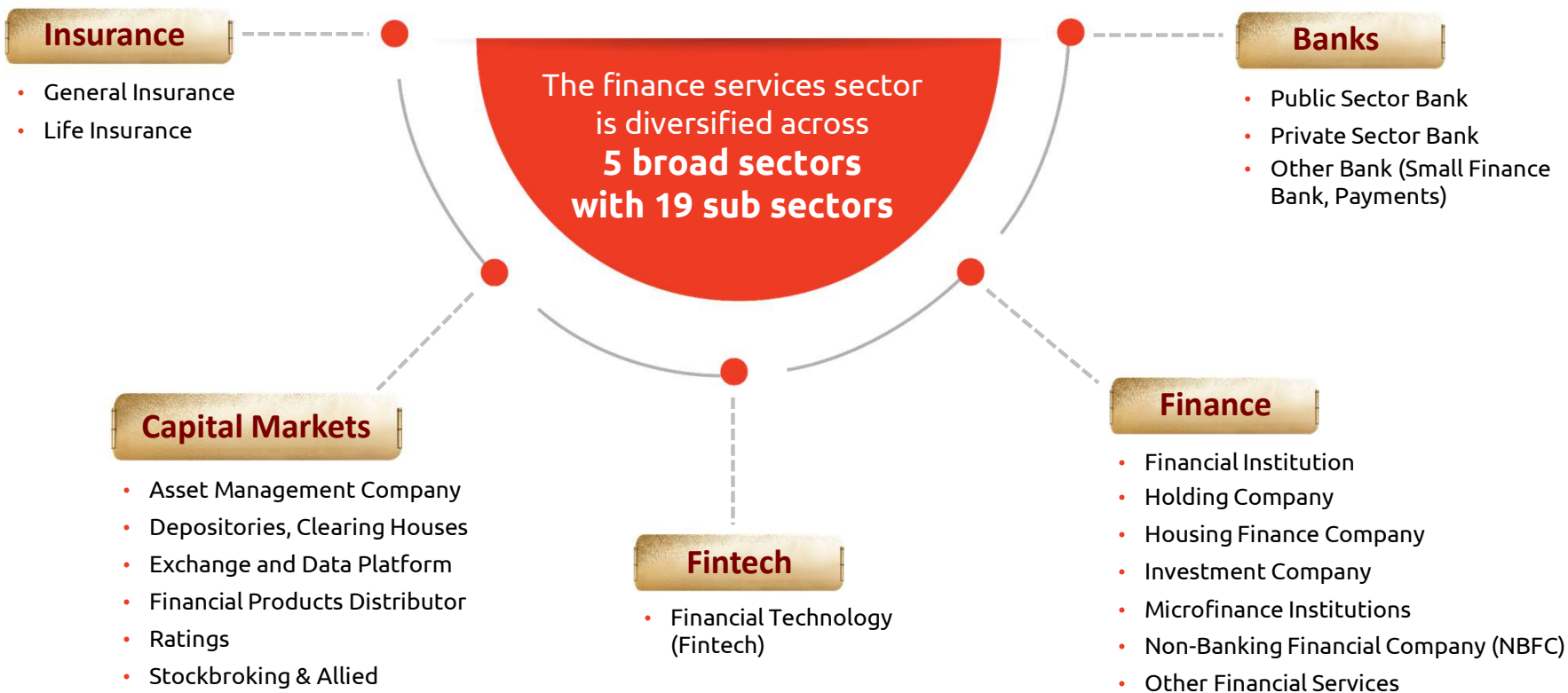
Nifty Financial Services TRI Index has grown at a CAGR of **17.3% (18X)** while Nifty 500 TRI Index has grown at a CAGR of **13.7% (10X)** over the longer term



Source: MFIE, Period considered is from Jan 2005 to May 2023, Past performance may or may not be sustained in the future.
TRI – Total Return Index, CAGR – Compounded Annual Growth Rate



Financial services offers a wide spectrum of investment opportunities across segments

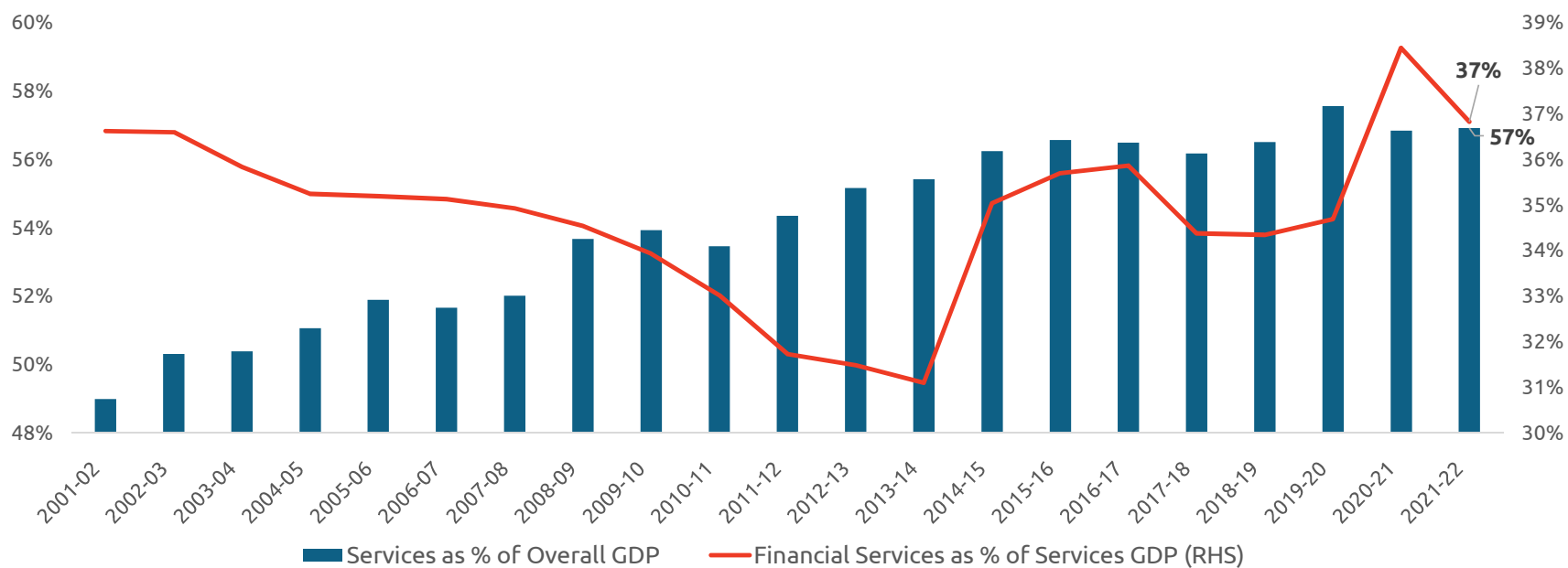


Source: AMFI Industry Classification



Financial services continues to be the dominant part of the services economy

Largest contributor to Services GDP



- Services sector contributes more than half of country's GDP
- Financial Services contributes roughly one-third to the services sector



GDP – Gross Domestic Product

Source: Bloomberg, Past performance may or may not be sustained in the future



Financial Inclusion has been a key enabler in recent years - JAM Trinity



Jandhan Account

Gol covers 91% of the population above 15 year age group

Over 40 crore smartphones added in India in the past 6yrs. India offers one of the lowest mobile data prices



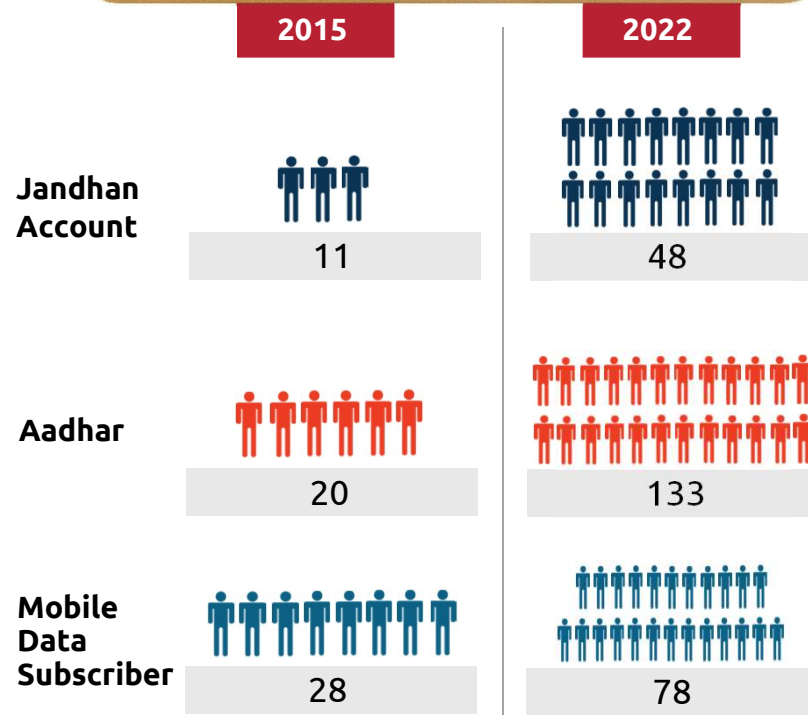
Mobile

Almost 95% of the population now has a biometric digital identity card

Aadhar



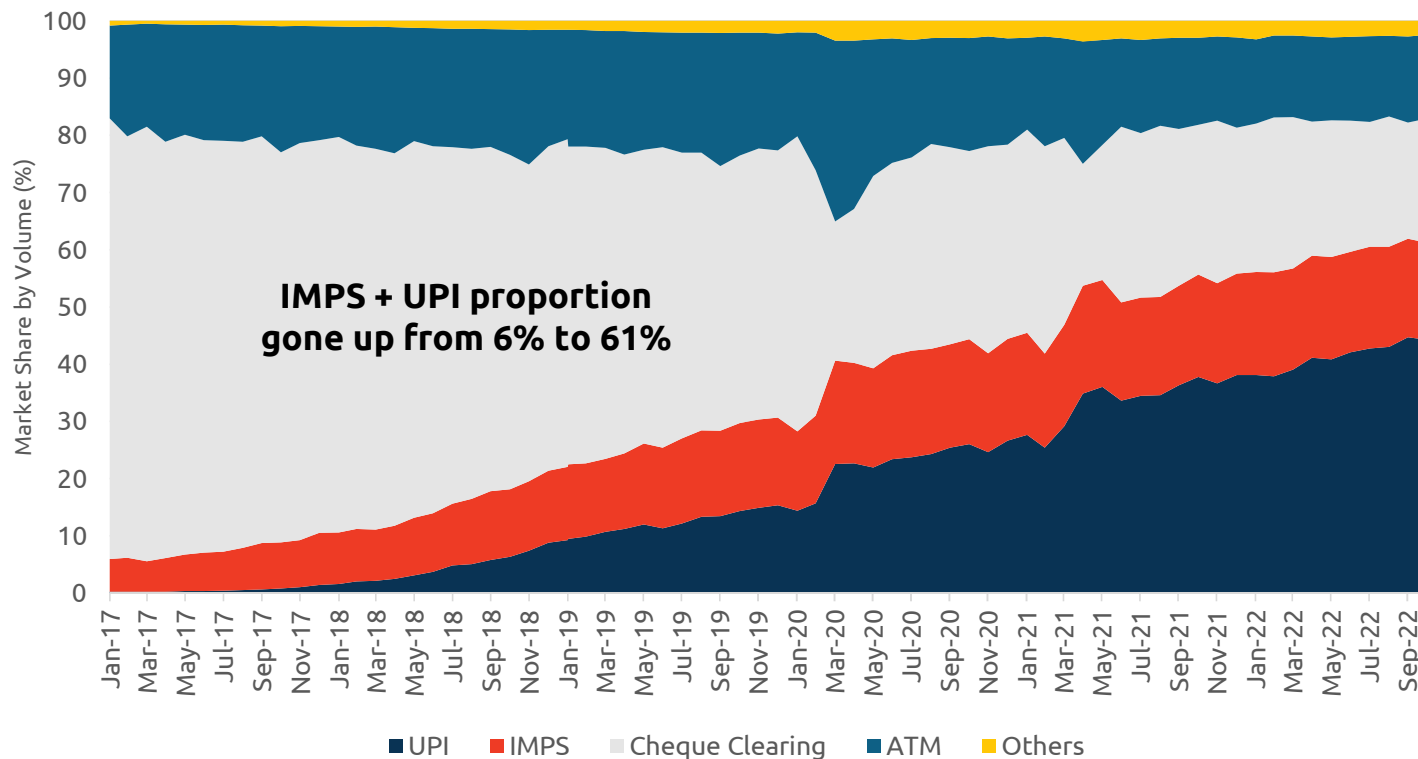
2022 V/S 2015 – JAM TREND (IN CR)



Source: uidai, RBI, CLSA; JAM stands for Jan-Dhan, Aadhar & Mobile; Jan Dhan Account – In Crores; Aadhar – Total issued Aadhar (in Crores); Mobile – Crore subscribers
Past performance may or may not be sustained in the future



High level of digital acceptance has reflected in huge change in payment ecosystem



- Digitally enabled population, along with the growing use of digital modes (UPI, IMPS) of payments, are strong enablers for credit penetration
- Provides a strong runway for credit growth



Source: Data as of Nov 30, 2022; NPCI (National Payment Corporation of India), RBI.
Past performance may or may not be sustained in the future

**WHAT THE
SECTOR
OFFERS**





Offers diverse opportunities to invest

**Financial services sector universe offers
diverse opportunities to invest;**

**NOT JUST
BANKS!**



**Large Profit
Pool Share**



**Diverse
Sector**



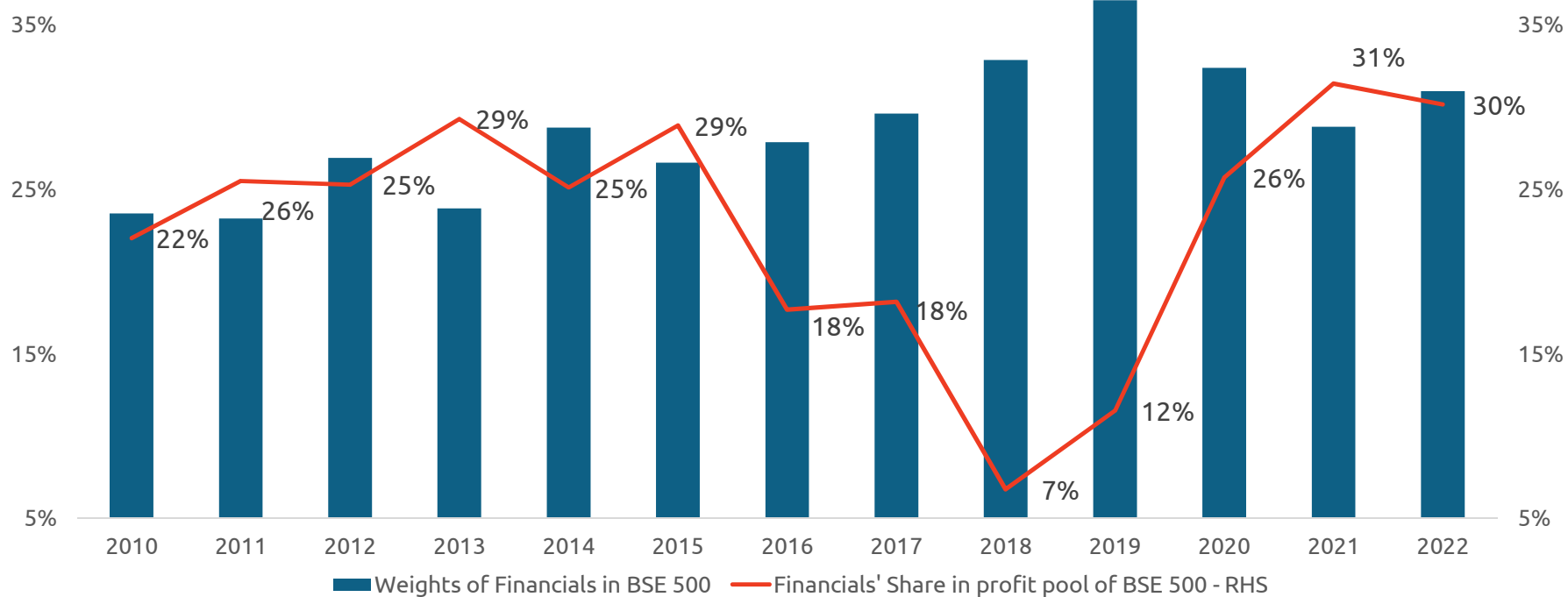
**Wider Set
of
Companies**





Financial services remains the single highest contributor to the profit pool of the market

Financials in S&P BSE 500



Source: Bloomberg, Past performance may or may not be sustained in the future



Emergence of new investment opportunities in the last decade across segments




The sector offers investment opportunities not just restricted to traditional banks but also to many emerging segments like Small Finance, AMCs, Clearing House, Exchange & Data Platform, HFC/ MFI, Insurance, FinTech etc.

Financial Services

No. of Listed Companies across segment under the financial services sector

		2010	2022
 Banks	Public Sector Bank	10	12
	Private Sector Bank	16	20
	Other Bank (Small Finance Bank, Payments)	0	5
 Capital Markets	Asset Management Company	1	5
	Depositories, Clearing Houses	0	3
	Exchange and Data Platform	0	3
	Financial Products Distributor	0	2
	Ratings	1	2
	Stockbroking & Allied	19	22

No. of Listed Companies across segment under the financial services sector

		2010	2022
 Finance	Financial Institution	4	7
	Holding Company	11	11
	Housing Finance Company	5	11
	Investment Company	28	30
	Microfinance Institutions	1	4
 Fintech	Non-Banking Financial Company (NBFC)	34	41
	Other Financial Services	13	14
	Financial Technology (Fintech)	2	4
 Insurance	General Insurance	0	4
	Life Insurance	2	6

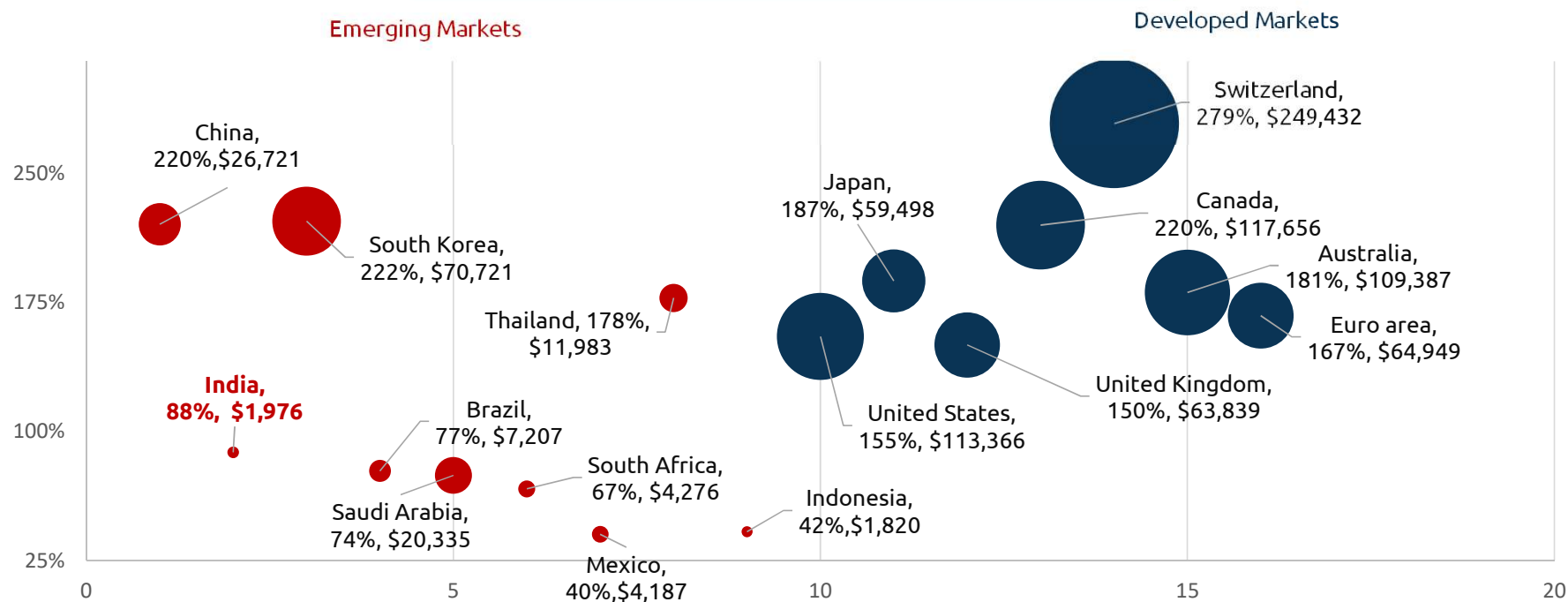


Source: AMFI, Data as of Jan, 2023, AMC – Asset Management Company, HFC – Housing Finance Company, MFI – Micro Finance Institutions



India offers a huge multi year credit growth opportunity

Credit to GDP Ratio (%), Credit Per Capita (\$)



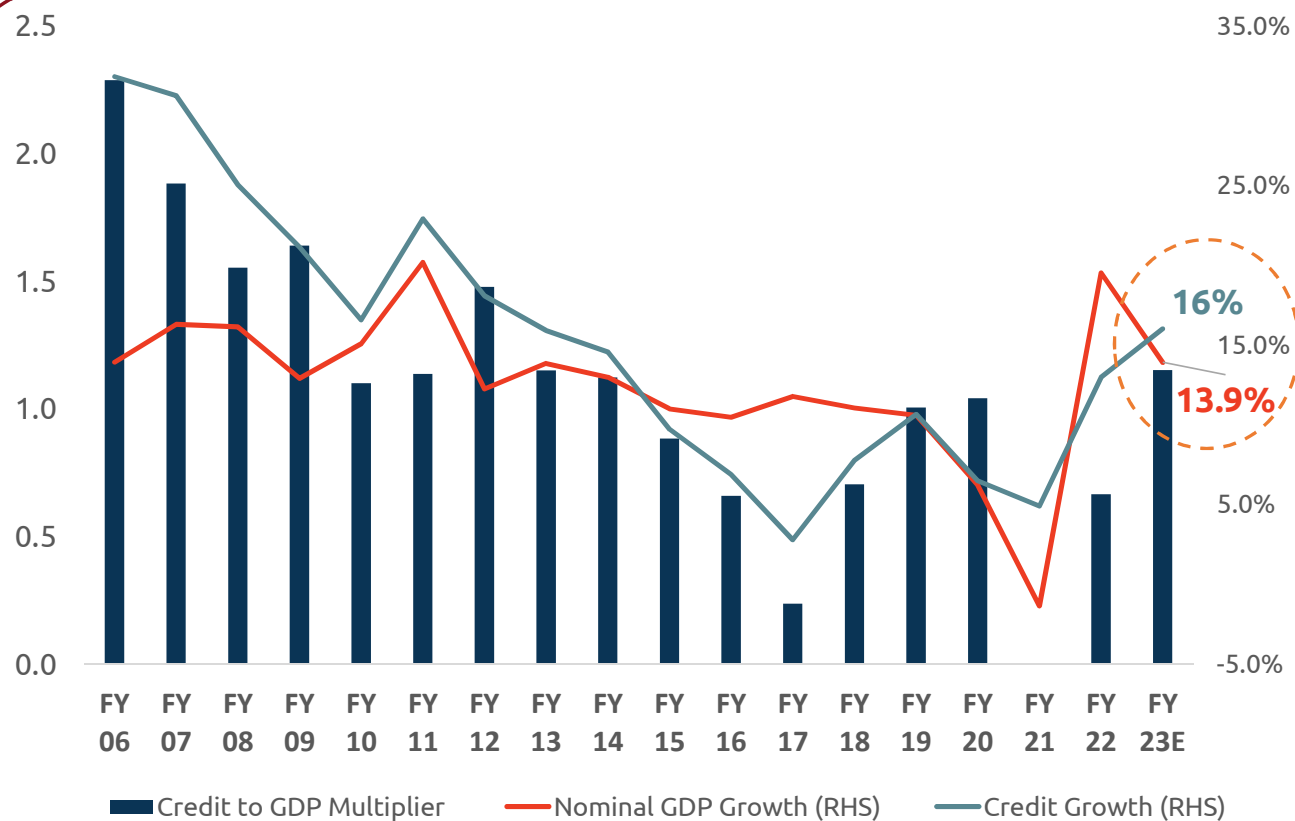
India's credit to GDP at 88% looks lower than other countries but credit per capita is even lower and has a huge room for growth



Source: BIS, UNFPA.org, credit includes credit from all sources to Private non- financial sectors, Size of bubble represent Credit per capita, Data as of June 30, 2022



GDP growth revival can lead to a healthy credit growth going forward



- Credit growth has been on a downtrend due to a multiplicity of reasons including weaker bank balance sheets
- Strong push on public capex, and with some visible green shoots in private investment activities coupled with recovering GDP growth, Credit growth is gathering pace

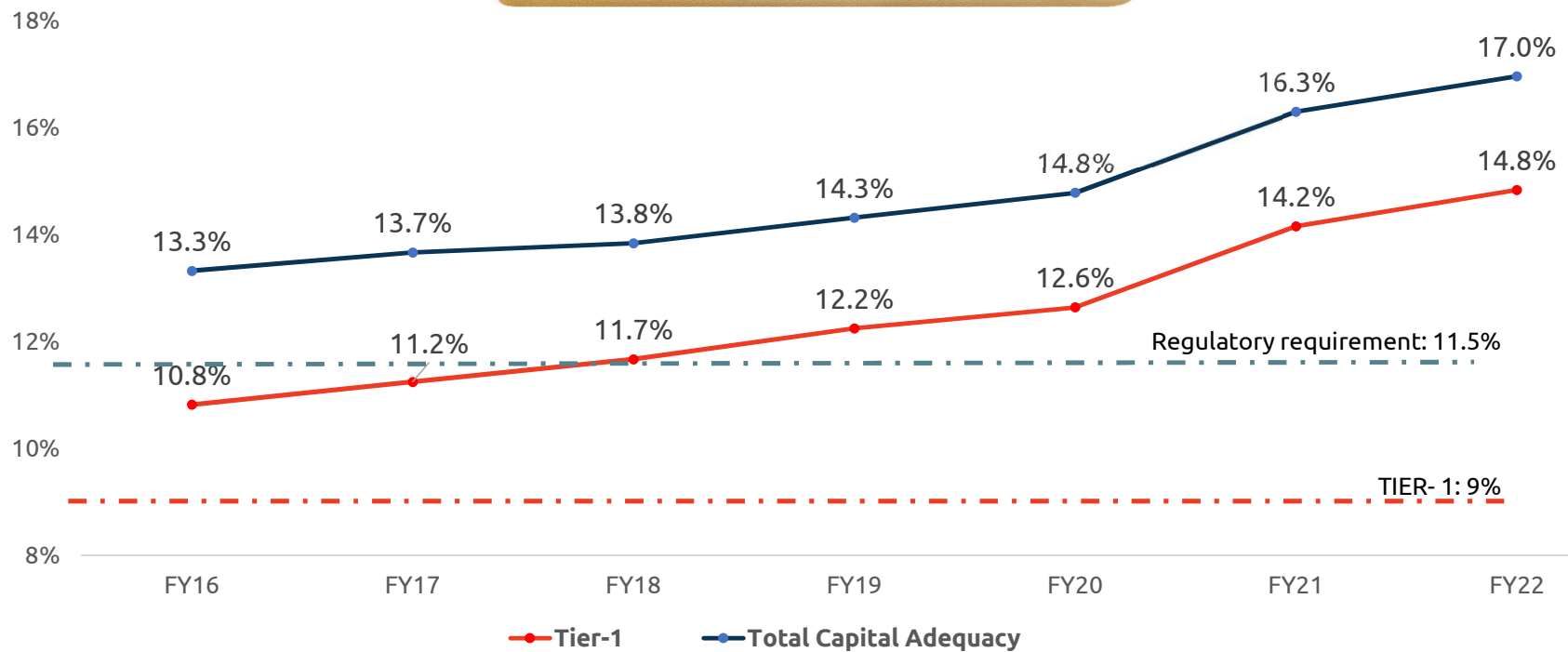


RBI, MoSPI.
Past performance may or may not be sustained in the future



Indian banks are in the best of health with regards to capital adequacy

Indian banks are well capitalized



Capitalized above the regulatory requirement of 11.5% (total CAR) and 9% Tier-1

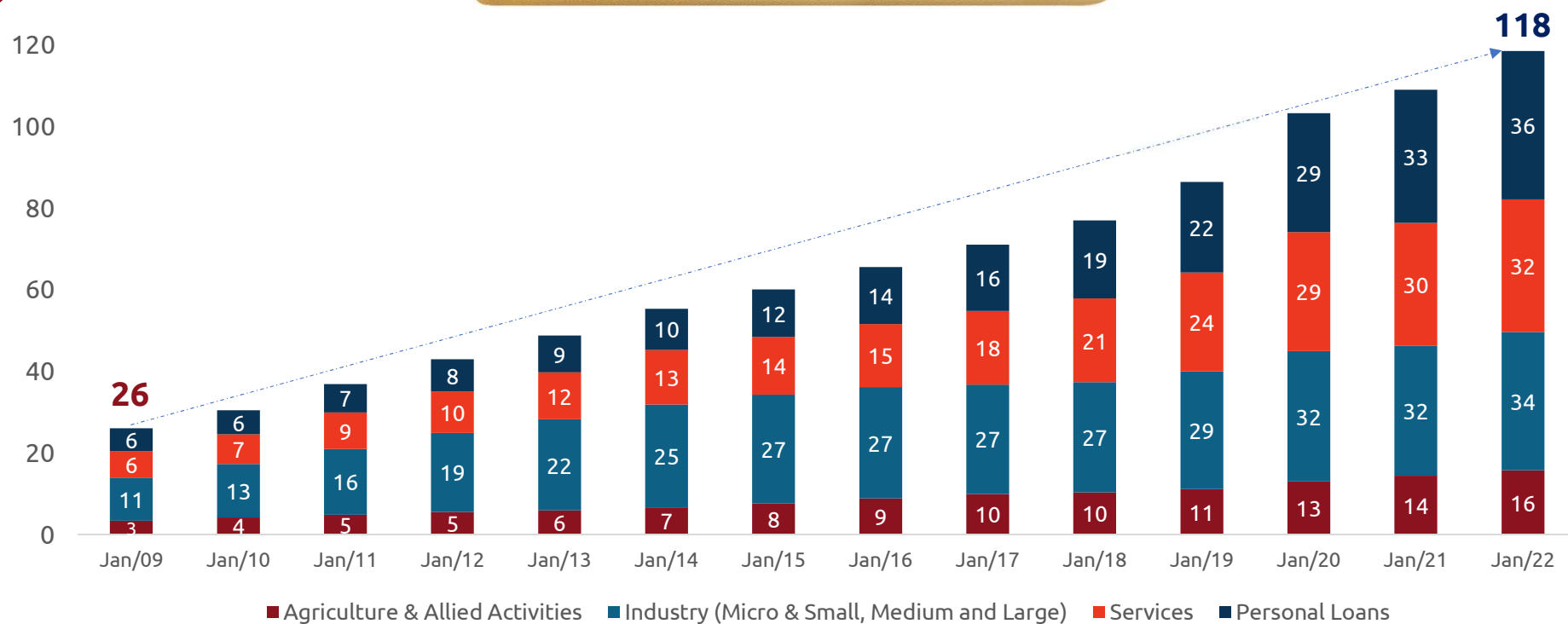


Source: RBI, CAR = Capital Adequacy Ratio, Past performance may or may not be sustained in the future



Banking Credit has grown at a healthy pace

Banking Credit Distribution (` Trn)



Grown by more than **4.5X** since 2009, at a CAGR of **13%**

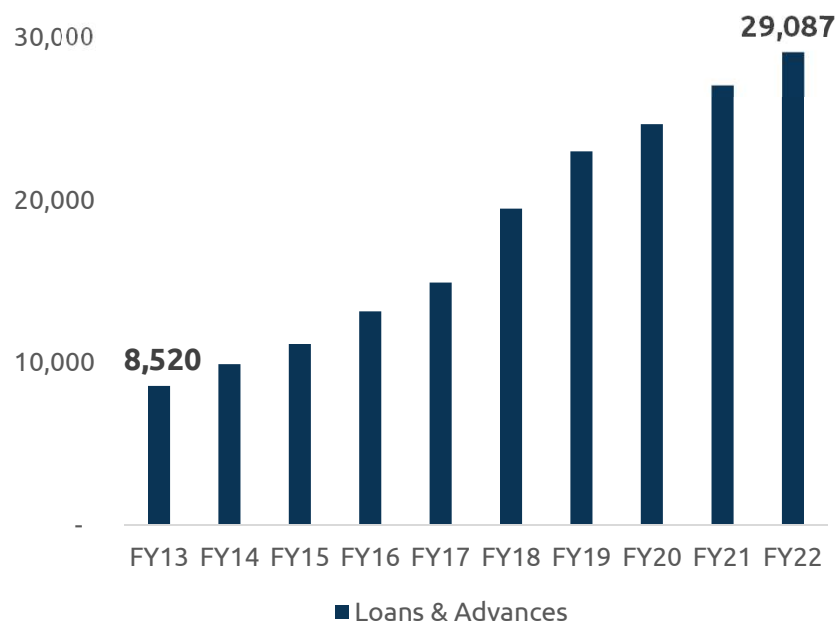


Source: RBI, Data as of March 2022, Past performance may or may not be sustained in the future

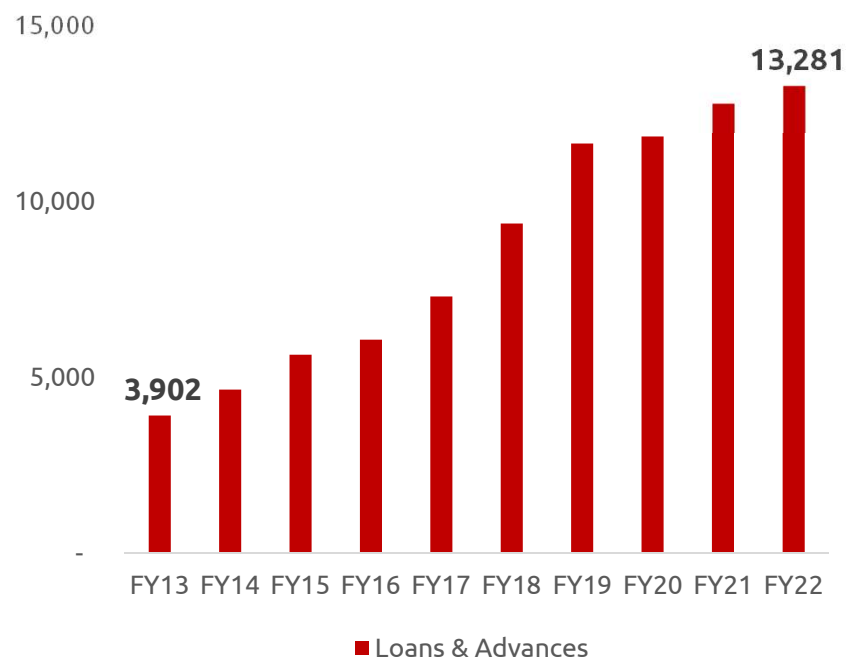


NBFCs and HFCs have exhibited higher growth

NBFC Trend (₹ in Bn)



Housing Finance Cos - growth AUM (₹ in Bn)



- Secular Growth in AUM and PAT of NBFCs, at a CAGR of 15%
- With the pickup in demand in housing market, it is likely to gather pace going ahead for HFCs, at a CAGR of 15%

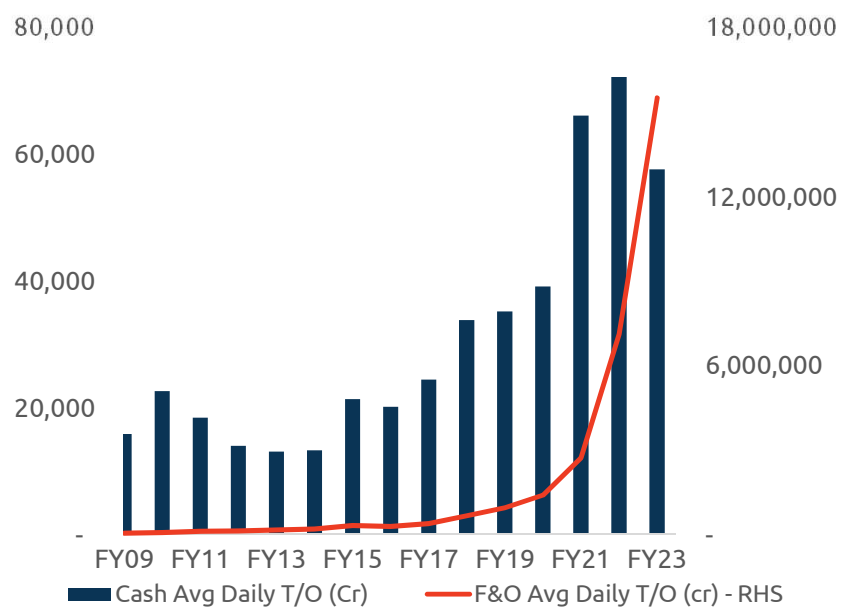
Source: RBI, Past performance may or may not be sustained in the future





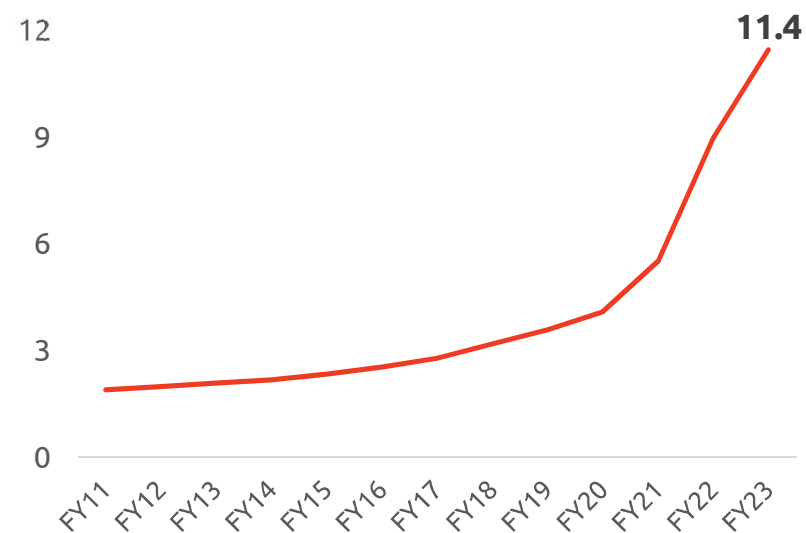
Exponential growth witnessed in Capital Market segments with increased retail participation

Robust Capital market activity (₹ in Cr)



Average turnover since FY09 F&O is 341X, Cash is ~4X

Demat A/c (in Cr)



Demat accounts have increased ~5.5X

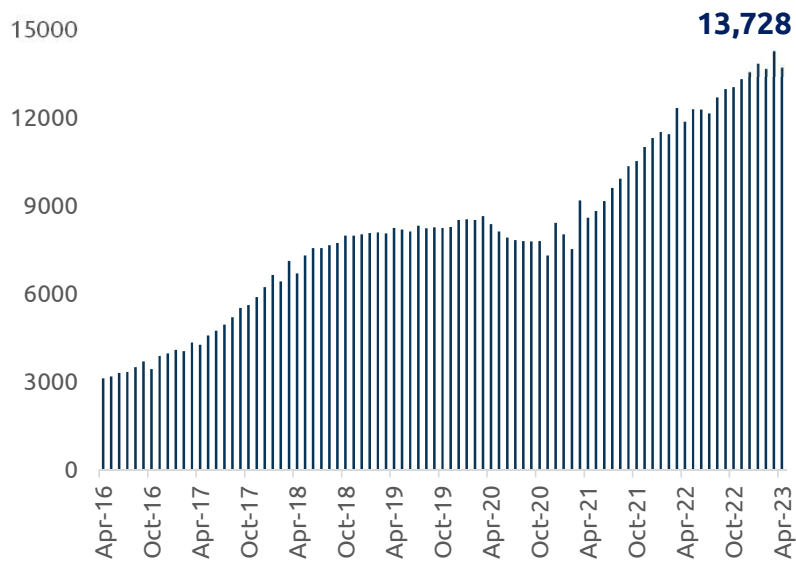


Source: SEBI, Past performance may or may not be sustained in the future



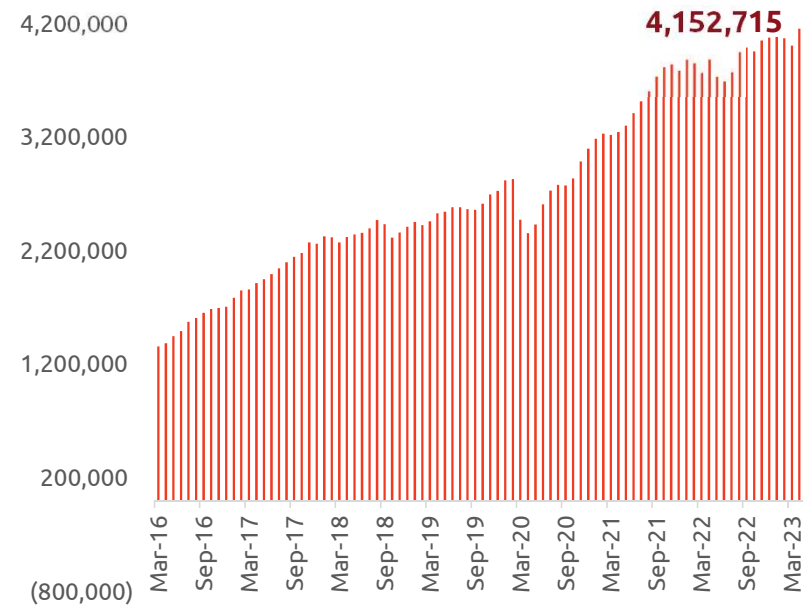
Mutual Funds are witnessing robust SIP flows and a secular asset growth

Robust SIP Flows (₹ in Cr)



SIP Contribution increased at 4.4X

AAUM (₹ in Cr)



AAUM has grown over 3x during the period

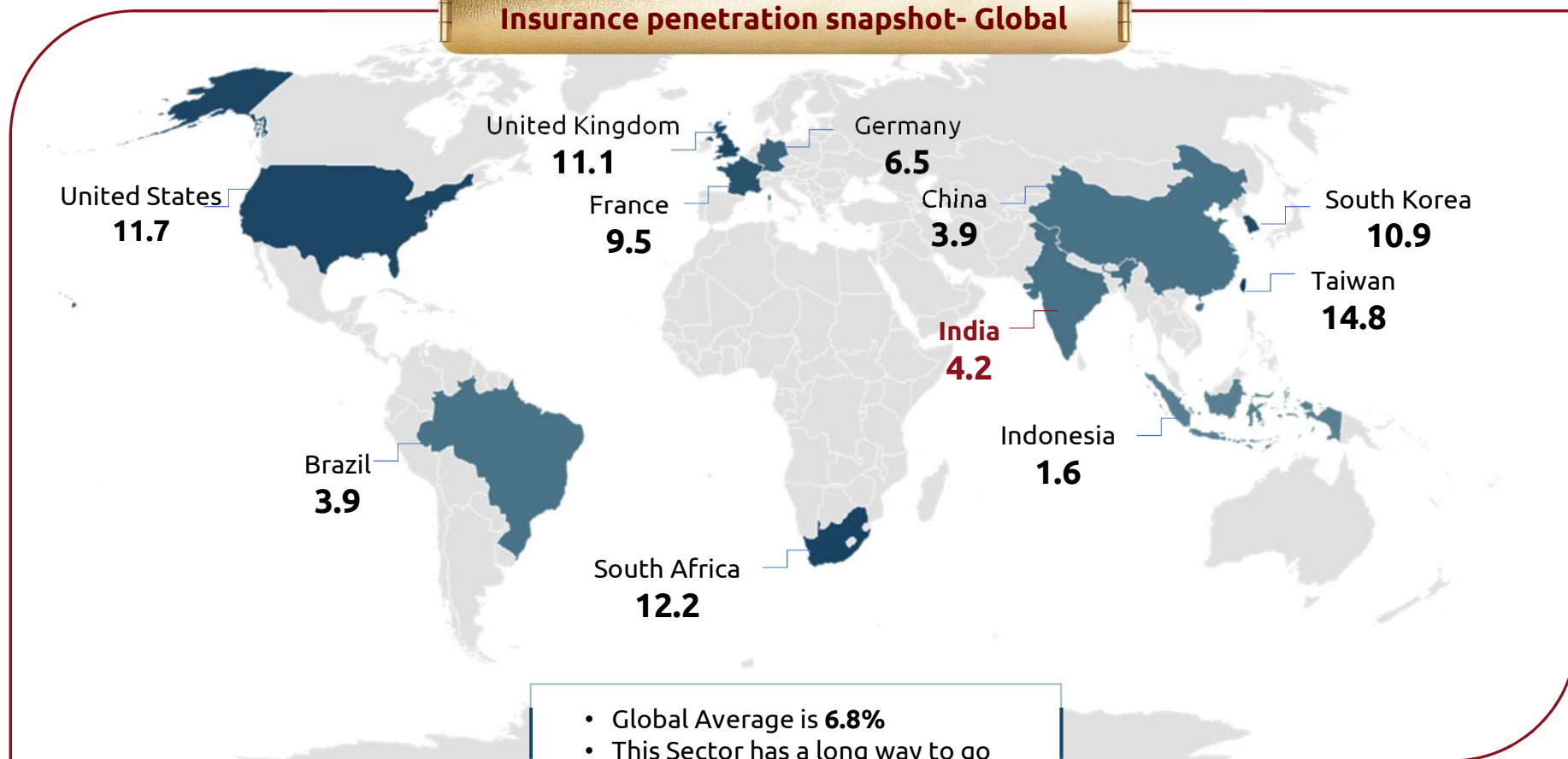
Source: AMFI, Data as of April, 2023, Past performance may or may not be sustained in the future





Insurance sector is underpenetrated and has a long runway for growth

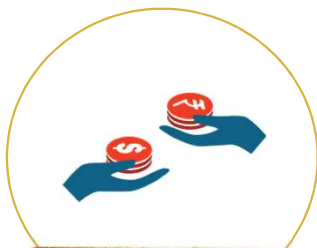
Insurance penetration snapshot- Global



Source: ibef.org, Statista, Penetration means insurance premium as a % of GDP



Emergence and Evolution of Fintech players offer dynamic opportunities



Payments

Emergence of faster cross-border payment solutions



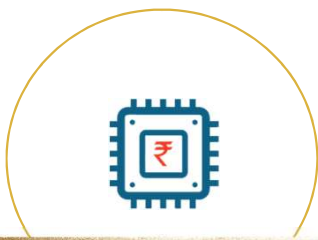
Lending

Digitization of asset-backed lending



Wealthtech

Convergence of robo-advisory services with personal finance



Fintech Infrastructure

Launch of retail/wholesale
Central Bank Digital Currency



Neobanking

Expansion of millennial,
MSME-focused neobanks



Insurtech

Rise of digital platforms
for insurance distribution

Enablers of fintech growth are Capitalizing on strong demographics, increasing digital adoption, maturing data ecosystem and product expansion





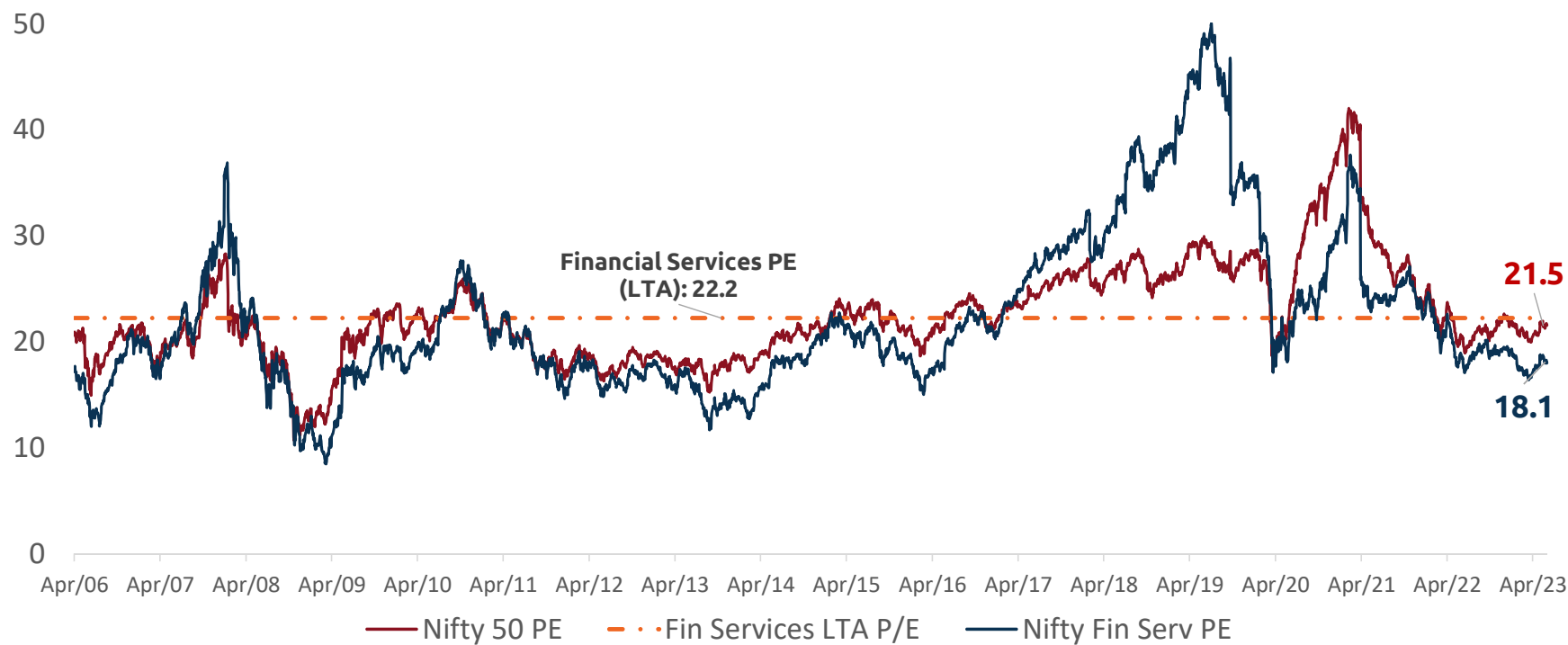
WHY NOW?





Financial services valuation at relatively attractive levels

P/E of Nifty Financial Services



Source: Nifty Indices, Data as of May, 2023, Past performance may or may not be sustained in the future.
PE Trailing basis, LTA = Long term average



Performance over long term

Nifty Financial Services - Performance

Index	Trailing Returns		
	3 Years	5 Years	10 Years
Nifty Financial Services TRI	27.8%	12.5%	15.1%
Nifty 500 TRI	27.6%	12.3%	14.2%
Standard Deviation			
Nifty Financial Services TRI	21.0%	25.1%	22.7%
Nifty 500 TRI	15.3%	18.6%	16.6%
Returns per unit of Risk			
Nifty Financial Services TRI	1.32	0.50	0.66
Nifty 500 TRI	1.80	0.66	0.85

- The sector has outperformed the broader market (Nifty 500) across time frames
- This may offer relatively attractive entry point for investors



Source: Bloomberg, MFIE, Data as on May, 2023, Past performance may or may not be sustained in the future. Sectors/ Stocks mentioned here should not be construed as a recommendation from Bandhan Mutual Fund



Key driver of returns in the market, outperforming 11 out of the last 17 years

Performance comparison calendar year wise

Year	Nifty 500 TRI (%)	Nifty Financial Services TRI (%)	Outperformance (%)	Phase of Outperformance/ (Underperformance) (Cumulative)
2007	62.6	84.9	22.4	36% during the period.
2008	-55.4	-53.6	1.8	
2009	89.3	87.2	-2.1	
2010	15.0	30.8	15.8	
2011	-25.9	-27.5	-1.6	
2012	33.4	54.4	21	25% during the period.
2013	4.6	-6.4	-11	
2014	38.9	58.7	19.8	
2015	0.2	-4.7	-5.0	
2016	5.7	6.9	1.2	
2017	37.8	42.8	5.0	37% during the period
2018	-2.3	11.3	13.7	
2019	9.7	27.0	17.3	
2020	17.1	3.8	-13.4	-23% , upcycle Opportunities Ahead!
2021	30.3	13.5	-16.9	
2022	5.3	11.9	6.6	
2023 YTD	2.4	3.1	0.73	



Source: MFI explorer, data as of May 2023; Past performance may or may not be sustained in the future.



**WHY BANDHAN
FINANCIAL
SERVICES FUND?**





3-Dimensional Approach for stock selection & portfolio construction



Note: Above mentioned framework is part of the portfolio stock selection approach. The selection however would be evaluated on an ongoing basis



Risk associated with the Sector



Macro Risks

Actions of global central banks, recession, war or political upheaval in major economies or in India may adversely affect impact the BFSI sector



Interest Rate Risks

This sector is highly sensitive to interest rates; and thus, any adverse movements in benchmark interest rates may impact profitability of the companies



Credit Risks

Most BFSI companies run the risk of financial losses resulting from a borrower's failure to repay a loan; which in turn results cashflow interruption and high provisions



Regulatory Risk

BFSI is a highly regulated sector; thus, changes in the norms by the regulators can significantly impact the cost-structure and in turn profitability of the companies



Tech Disruption

Rapidly evolving technology has reduced the entry barriers for new companies leading to heightened competition in the BFSI space.





Key Takeaways



Long term growth opportunities in the sector

- Sector has a solid track record and is diversified across **5 broad sectors with 19 sub-sectors**
- **Lower credit penetration** compared to peer economies, with **stronger banks positioning, growing digitization**, an **opportunity that may pick up**



Growth and valuation parameters look favorable

- Nifty Financial services Index **valuation at reasonable levels**
- Sector has been the key driver of returns in the market; Outperformed the market over a **10Y and 5Y CAGR** P2P basis and beaten the **Nifty 500, 11 out of the last 17 years**

Bandhan Financial Services Fund offers an opportunity to invest in sectors across

Banks, NBFCs, Capital Market, Insurance and Fintechs
with a Flexi cap and growth-oriented approach



Source: AMFI, MFIE, Bloomberg. Past performance may or may not be sustained in the future.



Who is this fund suitable for?



Past performance may or may not be sustained in the future.



About the Fund Manager



Sumit Agrawal
Fund Manager

Mr. Sumit Agrawal has over 18 years of experience in equity markets and has been associated with Bandhan AMC since October 2016. Sumit has a very strong technical background in equity research, fundamental analysis, business valuation and portfolio management. He has a proven track record of identifying growing business ahead of time and this style has often reflected in the portfolios that he has managed. He is an avid reader and has keen interest in behavioral finance.

Before joining Bandhan AMC, he was associated with Mirae Asset Mutual Fund, ENAM Group and JP Morgan India.

He holds an MBA in Finance from Symbiosis Pune (SCMHRD) and a Bachelor's Degree in Commerce from DAVV University. He has been a charter holder of the CFA Institute (USA). He is also a rank holder Company Secretary. In the past he has been rated amongst the Best Financial Analyst in the Asia Money Polls.



Manish Gunwani
Head - Equities

Mr. Manish Gunwani joined Bandhan AMC in January 2023 for heading the equity fund management for the fund house. 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

Type of Scheme

Sector Fund - An open-ended equity scheme investing in Financial Services Sector

	Investment Objective	The Scheme seeks to generate long-term capital appreciation by investing predominantly in equity and equity related instruments of companies engaged in financial services There is no assurance or guarantee that the objectives of the scheme will be realised.
	Minimum Application Amount	Rs. 1000 and in multiples of Re. 1 thereafter
	Plans/Options	Regular/ Direct Plan: Growth Option and Income Distribution cum capital withdrawal Option^
	Exit Load	If redeemed/switched out within 1 year from the date of allotment - 1% of applicable NAV; If redeemed/switched out after 1 year from the date of allotment – Nil
	Fund Managers	Mr. Sumit Agrawal and Mr. Manish Gunwani (Equity portion); Mr. Harshal Joshi (Debt portion); Ms. Nishita Shah (Overseas investment portion)
	Benchmark	Nifty Financial Services TRI



^the amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. Read Scheme Information Document for more details

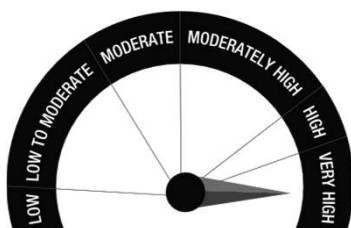


Disclaimer & Product Label

Bandhan Financial Services Fund

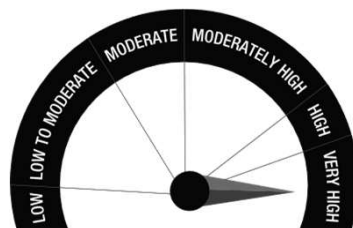
(Sector Fund - An open-ended equity scheme investing in Financial Services Sector)

Benchmark Riskometer



Nifty Financial Services TRI

Scheme Riskometer



Investors understand that
their principal will be at
Very High risk

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 the companies engaged in the Financial Services sector

*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.

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Thank You

