



A well-balanced team delivers in all conditions.

A prudent mix of multiple asset classes for a smart solution.

Introducing

Bandhan Multi Asset Allocation Fund

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



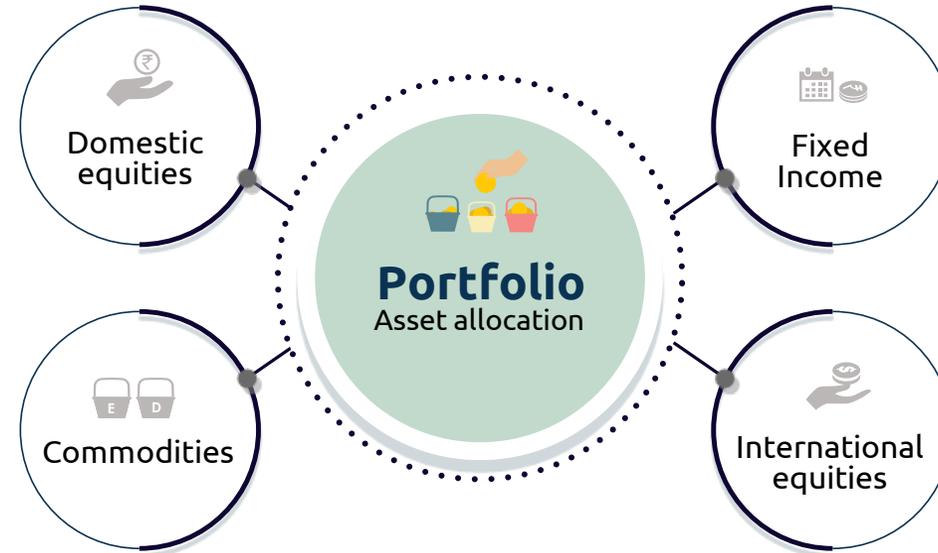


Why Multi Asset Allocation?

Demystifying Asset Allocation

Asset allocation refers to allocating money across different asset classes to minimize portfolio volatility and thereby improve risk-adjusted returns

- Each asset class plays a unique role within your portfolio, providing potential growth, stability, or inflation protection.
- Moreover, each of them moves differently during market cycles, which means that during any given period, there will be some winners and some losers.
- Combining these asset classes may lead to relatively stable portfolio returns.



Benefits

Boost Risk-adjusted returns

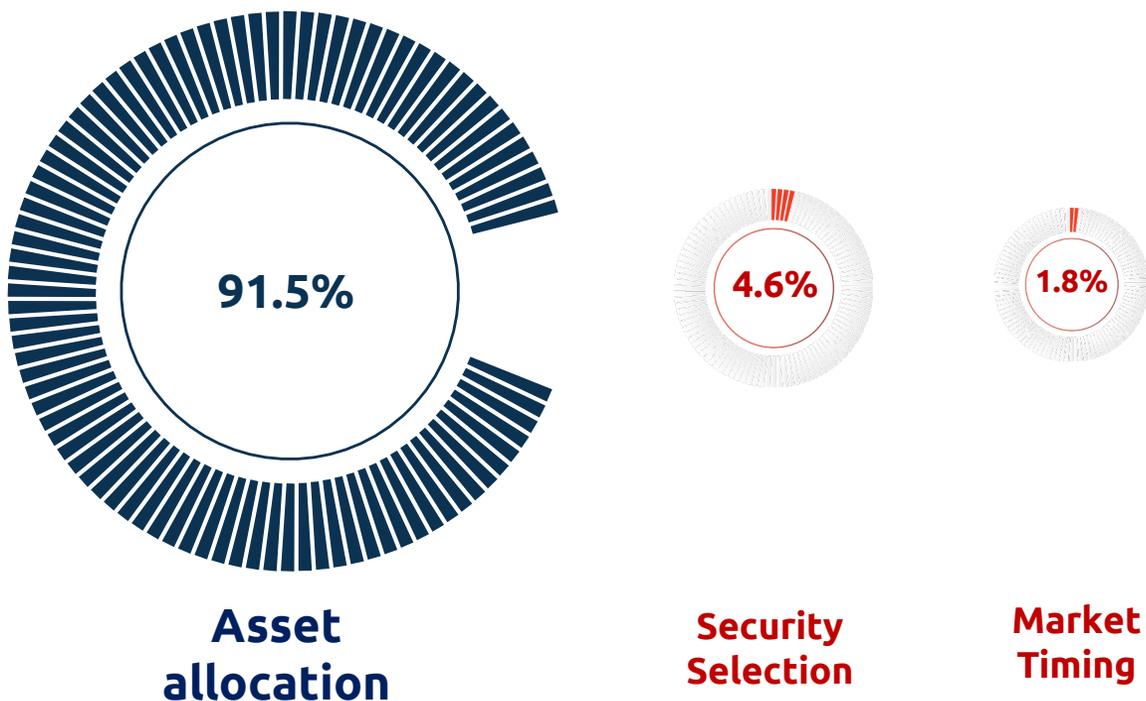
Reduce Risk

Gain Confidence

Stick with Plan

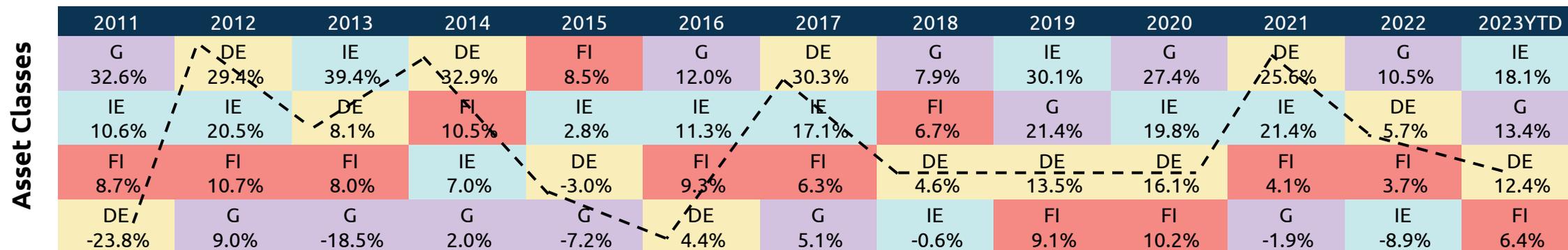
Asset Allocation is the most important decision: 92%>8%

Determinants of portfolio return variability



- A landmark study published in 1986 stated that asset allocation is the single most important decision that explains portfolio return variability.
- More often than not, investors tend to overemphasize on factors like security selection and market timing.
- However, the study indicated that such factors have little impact on long-term results.

No one asset class has consistently outperformed



- Historically, no one asset class has consistently outperformed.
- As can be seen, domestic equities have moved from being the top performer to the worst performer as well.
- When an investment does poorly, investors tend to chase the best-performing asset*.

--- Highlights domestic equity performance

| Data Labels | DE | Domestic Equity | Nifty 50 TRI |
|-------------|----|----------------------|-----------------------------|
| | GS | Gold | Gold Prices |
| | IE | International Equity | MSCI ACWI TRI (INR) |
| | FI | Fixed Income | Nifty Short term debt index |

Source: Bandhan MF, Bloomberg. Data as of 30th November 2023. LBMA Gold AM Prices are used for the representation of the performance of gold.

*Performance chasing behaviour and Mutual Funds: New evidence from Multi-fund managers.

Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve. Past performance may or may not be sustained in the future.

Low to negative correlation of asset classes aids diversification

| Correlation | Nifty 50 TRI | MSCI ACWI TRI (INR) | Gold | Short term debt |
|---------------------|--------------|---------------------|-------|-----------------|
| Nifty 50 TRI | 1.00 | 0.26 | -0.30 | 0.05 |
| MSCI ACWI TRI (INR) | 0.26 | 1.00 | -0.16 | 0.28 |
| Gold | -0.30 | -0.16 | 1.00 | 0.22 |
| Short term debt | 0.05 | 0.28 | 0.22 | 1.00 |

- While no one asset class has consistently outperformed, they also don't move in a similar manner.
- In the above table we see that Gold is negatively correlated to equities. So when equity markets tend to outperform, gold may underperform, and vice versa.
- Diversification works in favour of your portfolio when you have multiple strategies with low correlation so that under all market conditions, you have your portfolio performing for you.

Source: Bandhan MF, Bloomberg. Data as of 30th November 2023. LBMA Gold AM Prices are used for the representation of the performance of gold.

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Investors often chase past performance

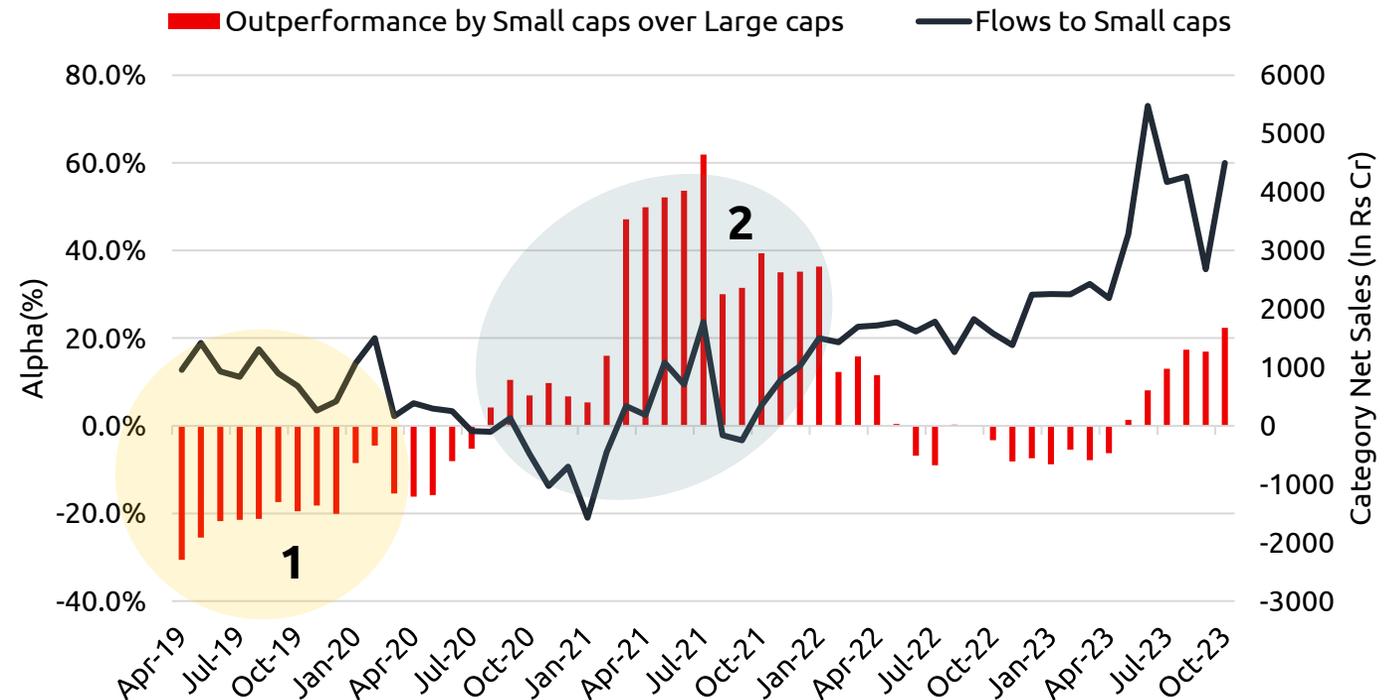
To evaluate a potential investment opportunity, investors often look at past performance as it serves an 'easy-to-understand' signal

1

From Apr 2019 to Apr 2020, the Small cap index noted significant underperformance to the Large cap index. As highlighted in that period, the flows to the Small cap category trended downward.

2

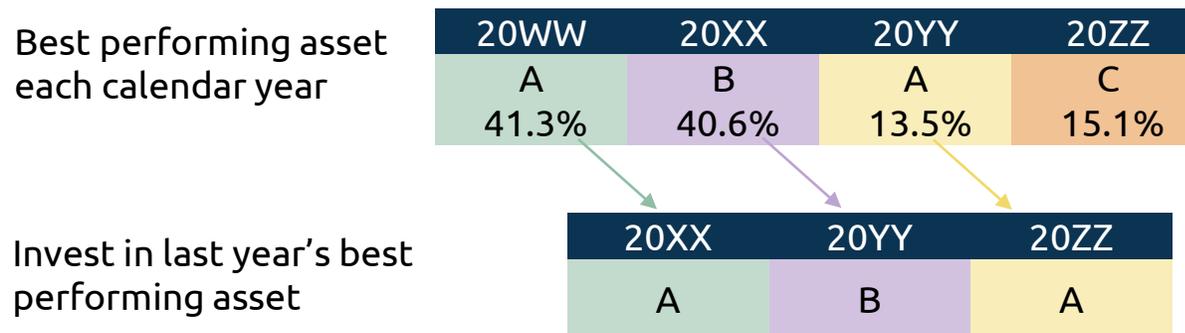
However, post-COVID crash, the Small cap index started outperforming the Large cap, and flows to the category were seen trending upwards.



Source: Bandhan MF, AMFI/CAMS. Data as of the close of 30th April 2019 to 31st October 2023. 1-year returns as of the end of the month, starting April 2019, considered. To represent Small cap performance, Nifty Smallcap 250 TRI used and Nifty 50 TRI for Large cap performance. Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve. Past performance may or may not be sustained in the future.

Trap of chasing the best performing asset

Performance chasing strategy explained



Outcome of Performance chasing v/s equal weighted strategy

| Strategy | Investment Amount (In Rs.) | Portfolio Value (In Rs.) | CAGR (~13 years) |
|--|----------------------------|--------------------------|------------------|
| Performance Chasing (Investing in last year's best-performing asset class) | 1,00,000 | 2,33,610 | 7.3% |
| Equal Weighted (Investing in all asset classes in equal weights) | 1,00,000 | 2,72,293 | 8.7% |

- Most investors rely on past performance to make investment decisions. Often, they pursue assets that have performed well in the past.
- In doing so, they sell depreciated holdings to buy potentially overpriced investments, thus ending up with sub-optimal returns.
- Studies* have shown that an investor's effort to outguess the market by jumping between asset classes results in underperformance.

Multi asset allocation for wealth creation



Portfolio performance variability is mainly driven by **asset allocation** rather than security selection or market timing.



No one asset class has consistently outperformed hence diversifying across asset classes may help **stabilize portfolio returns.**



Important to have a **disciplined approach** towards asset allocation, rather than chasing performing asset classes (based on historical return).

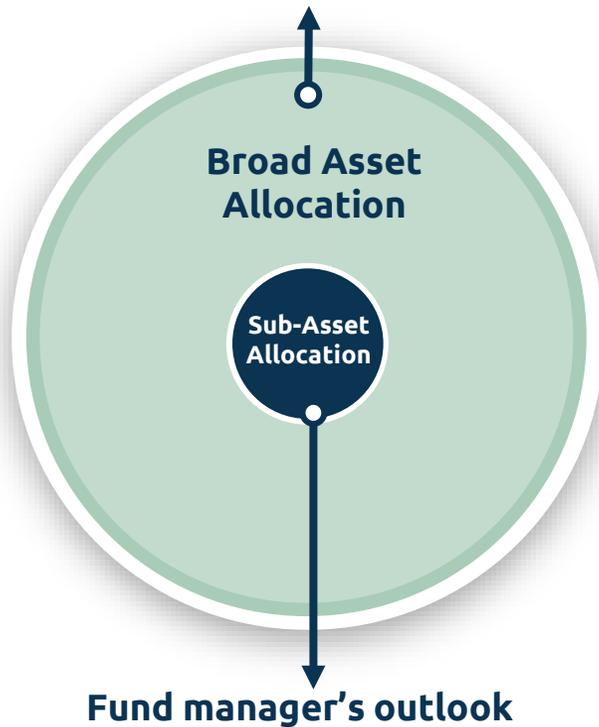
Multi Asset Allocation Funds could provide investors exposure to multiple asset classes in a disciplined way



Introducing the Bandhan Multi Asset Allocation Fund

The strategy combines the Science and Art of Multi Asset Investing

Long-term return expectation of each asset class



FUND CONSTRUCT

Broad Asset Allocation

- Based on the **long-term return expectation** of each asset class
- Takes a long-term view; hence infrequent changes
- Follows strategic asset allocation that is **backed by research***

Sub-Asset Allocation

- Based on the **fund manager's outlook**
- Looks to capitalize on short-term opportunities

A disciplined structure that offers the flexibility to identify unique investment opportunities

Disclaimer: *The Global case for strategic asset allocation- vanguard. Strategic asset allocation involves setting target allocations across various asset classes and rebalancing regularly to stay close to the assigned allocation. For illustration purposes only. It should not be construed as a recommendation from Bandhan Mutual Fund or should not be used for the development/implementation of an investment strategy.

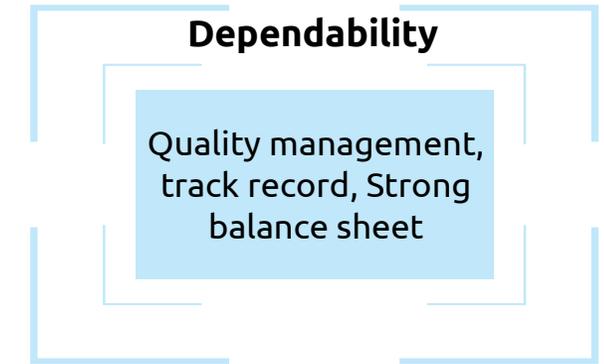
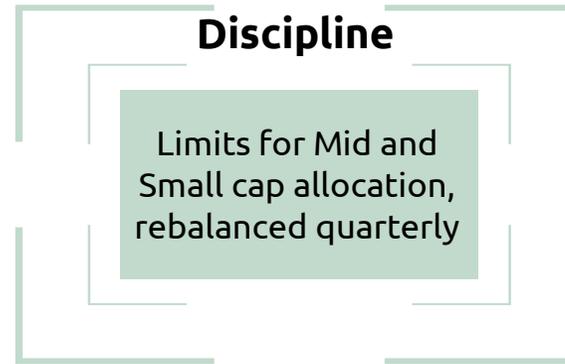
Leveraging the power of strategic asset mix



Strategic asset allocation involves setting target allocations across various asset classes and rebalancing regularly to stay close to the assigned allocation

Domestic Equities: A Multi cap approach

3D framework



Market caps



Large caps tend to provide potentially steady returns and are less volatile

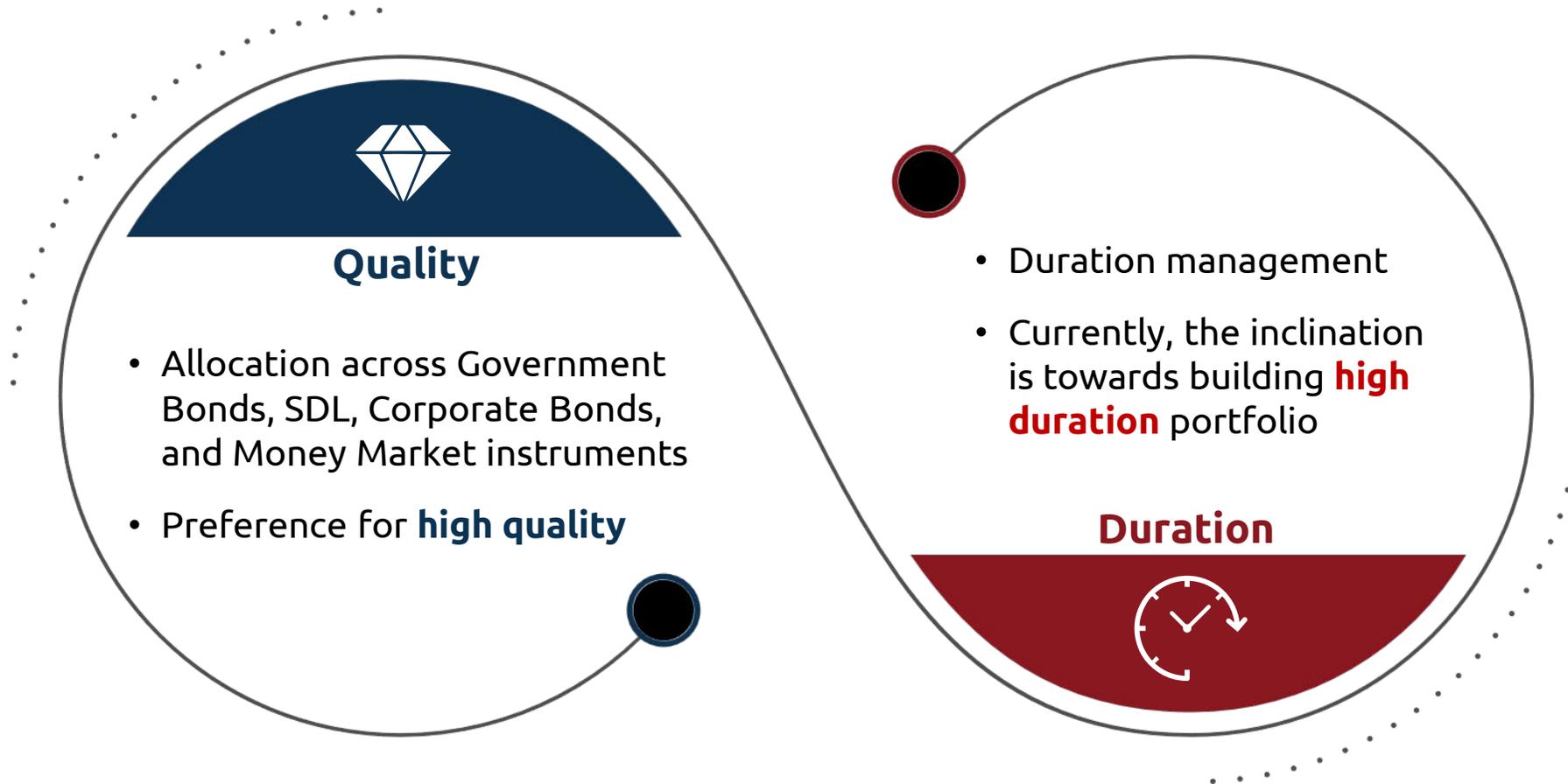
Mid caps provide a sweet spot from risk-return perspective

Small caps have higher growth potential

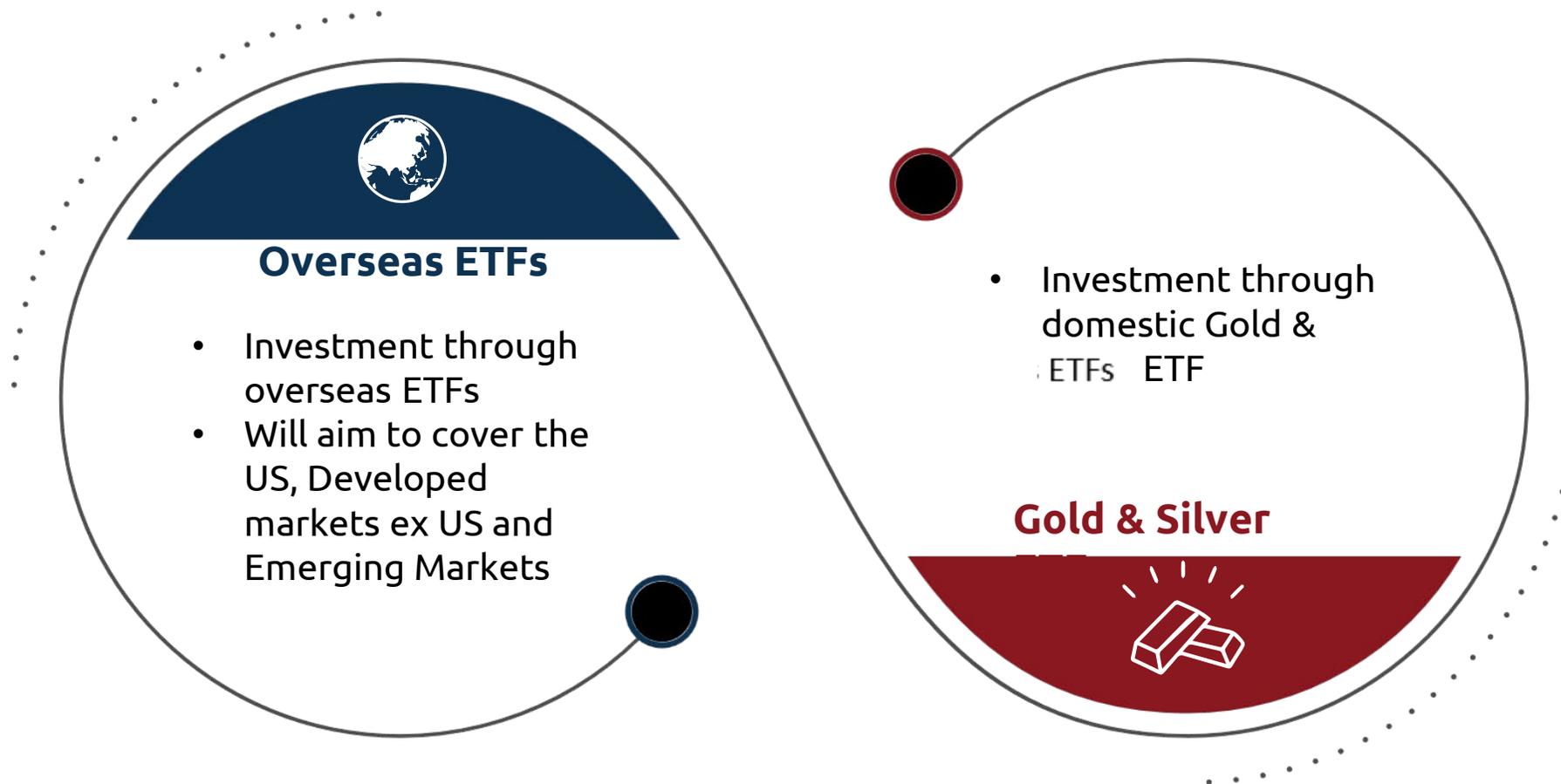
Multi cap approach maintains a sizeable allocation to all market caps across market cycles, restricting fund manager bias.

Disclaimer: The current strategy is subject to change within the limits of SID depending on the fund manager's views and the market conditions. The fund will seek to rebalance weights within one month of every quarter end in case of deviation.

Debt: High Quality, Dynamic approach



Source/Disclaimer- : The current strategy is subject to change within the limits of SID depending on the fund manager's views and the market conditions.
Gsec: Government Securities. SDL: State Development Loan



Disclaimer: As per market capitalization, the US accounts for ~63%, Developed Markets ex-US ~21%, and Emerging Markets 16%. Developed Markets ex-US refers to other developed countries excluding the US. The current strategy is subject to change within the limits of SID, depending on the fund manager's views and the market conditions.



Why Bandhan Multi Asset Allocation Fund?

1. Transparent and disciplined



- Strategy provides transparency by outlining how investments are allocated across different asset classes
- Designed to bring discipline and structure to the investment process
- Promotes consistency in decision-making by reducing personal biases
- Provides investors with a clear understanding of the overall investment approach

It's more like an open kitchen - you can see where the magic happens

2. Leverages the power of 13 Sub-Asset Classes with a focus on tax efficiency

| Sl. | Asset Class | Sub-Asset Class | Exposure? |
|-----|------------------------|------------------------|-----------|
| 1 | Domestic Equities | Large Cap | ✓ |
| | | Mid Cap | |
| | | Small Cap | |
| 2 | International Equities | US Market (~65%) | |
| | | Developed Market ex US | |
| | | Emerging Market | |
| 3 | Commodity | Gold | |
| | | Silver | |
| 4 | Fixed Income | Government Bonds | |
| | | Corporate Bonds | |
| | | Money Market | |
| 5 | Arbitrage | Dividend Arbitrage | |
| | | Spot-Futures | |

1 Fund
5 Asset Classes
13 Sub-Asset Classes

With
Equity taxation[^]

Disclaimer: The current strategy is subject to change within the limits of SID depending on the fund manager's views and the market conditions. The asset /sub-asset classes mentioned above are used to explain the concept and are for illustration purposes only. It should not be used to develop or implement an investment strategy. The asset/sub-asset class may or may not be part of our portfolio/strategy/ schemes. It should not be construed as investment advice to any party. ^As per prevailing tax laws, subject to change. Please consult your tax advisor.

2. The power of 13 Sub-Asset Classes

| Sl | Asset Class | Sub-Asset Class | Purpose |
|----|------------------------|------------------------|---|
| 1 | Domestic Equities | Large Cap | Relative stability and growth potential |
| | | Mid Cap | Sweet spot between Large cap & Small cap |
| | | Small Cap | High growth potential |
| 2 | International Equities | US Market (~65%) | Easy access to the largest companies and USD asset class |
| | | Developed Market ex US | Simultaneous exposure to different markets and different currencies |
| | | Emerging Market | High growth potential with different macro drivers (commodity, export) |
| 3 | Commodity | Gold | Smart hedge against inflation |
| | | Silver | Inflation hedge as well as industrial application |
| 4 | Fixed Income | Government Bonds | Sovereign asset for liquidity, growth and income |
| | | Corporate Bonds | Growth and Income potential |
| | | Money Market | Offers liquidity as well as income with lower duration risk |
| 5 | Arbitrage | Dividend Arbitrage | Capture opportunities available due to corporate action (completely hedged) |
| | | Spot-Futures | A completely hedged strategy with debt-like return |

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Historically Multi Asset strategy has noted Nifty like returns with low volatility

| Rolling Returns | Parameter | Multi Asset Strategy | Nifty 50 TRI | MSCI ACWI TRI (INR) | Nifty Short term debt Index | Gold:Silver (50:50) (INR) |
|-----------------|------------|----------------------|--------------|---------------------|-----------------------------|---------------------------|
| 1 Year | Average | 11.4% | 12.7% | 14.8% | 7.9% | 8.8% |
| | Minimum | -16.4% | -32.5% | -14.4% | 2.3% | -27.9% |
| | Maximum | 60.2% | 96.6% | 68.9% | 12.2% | 94.4% |
| | Volatility | 10.1% | 17.2% | 12.3% | 2.3% | 20.7% |
| 3 Year | Average | 11.6% | 12.9% | 15.0% | 8.2% | 5.2% |
| | Minimum | 0.2% | -3.9% | 2.3% | 5.0% | -15.2% |
| | Maximum | 22.5% | 32.1% | 28.9% | 10.4% | 26.1% |
| | Volatility | 5.6% | 10.0% | 8.3% | 2.1% | 16.8% |
| 5 Year | Average | 11.1% | 12.2% | 13.9% | 8.2% | 4.6% |
| | Minimum | 2.4% | -1.9% | 4.5% | 6.5% | -7.6% |
| | Maximum | 15.2% | 19.4% | 20.2% | 9.7% | 17.4% |
| | Volatility | 1.9% | 3.4% | 2.8% | 0.9% | 6.7% |

Source/Disclaimer: NSE, BBG, Bandhan MF. Data as of 30th November 2023. LBMA Gold AM Prices and LBMA Silver Prices are used for comparison. Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve. Past performance may or may not be sustained in the future.

Key Takeaway

1

Research indicates that Asset allocation explains ~92% of portfolio return variability. While factors like security selection and market timing have little impact.

2

Asset Allocation helps avoid behavioral pitfalls, such as performance chasing that results in sub-optimal returns.

3

The Bandhan Multi Asset Allocation employs strategic asset allocation, transparently outlining how assets are allocated across different broad asset classes and effectively mitigating personal biases.

4

The strategy leverages the power of 13 sub-asset classes while being tax efficient (equity taxation[^]).

5

Historically, on a 3 & 5 Year rolling return basis, the strategy noted returns in line with Nifty 50 but with 45% lower volatility.

1 Fund

5 Asset Classes

13 Sub-Asset Classes

Source/Disclaimer: Performance- Bandhan MF, Bloomberg, Research- Vanguard- The global case for strategic asset allocation. BHB- Determinants of portfolio return variability. The current strategy is subject to change within the limits of SID, depending on the fund manager's views and the market conditions. The number of asset classes/sub-asset classes mentioned above are used to explain the concept and are for illustration purposes only. It should not be used to develop or implement an investment strategy. The asset classes/sub-asset class may or may not be part of our portfolio/strategy/ schemes. It should not be construed as investment advice to any party. ^As per prevailing tax laws, subject to change. Please consult your tax advisor.

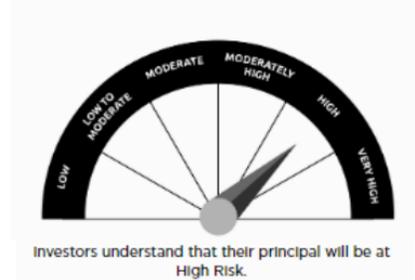
Fund Details

| | |
|-----------------------------|---|
| NFO Dates | 10th January 2024 to 24th January 2024 |
| Benchmark | 65% Nifty 500 TRI + 25% NIFTY Short Duration Debt Index + 5% Domestic prices of gold + 5% Domestic prices of silver |
| Exit Load | For 10% of investment: Nil , For remaining investment: 0.5 % if redeemed/ switched out within 30 days from the date of allotment. |
| Fund Managers | Equity portion: Mr. Viraj Kulkarni, Mr. Daylynn Pinto, Mr. Nemish Sheth Debt portion: Mr. Gautam Kaul Overseas portion: Ms. Ritika Behera (Equity), Mr. Sreejith Balasubramanian (Debt) |
| Investment Objective | The investment objective of the Scheme is to generate income and provide long term capital appreciation by investing in instruments across multiple asset classes namely Equity & Equity Related Instruments, Debt & Money Market Securities and Gold/Silver related instruments. However, there is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns. |
| Subscription | Lumpsum purchase - Rs. 1000/- and in multiples of Re. 1/- thereafter Additional purchase – Rs. 1000/- and in multiples of Re. 1/- 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 |

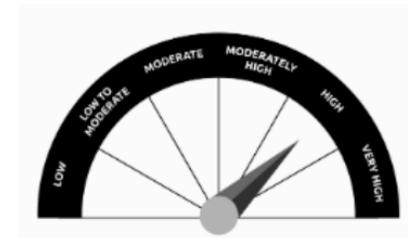
This product is suitable for investors who are seeking*:

- To generate long term capital growth and income.
- Investment across Equity & Equity Related Instruments, Debt & Money Market Securities and Gold/Silver related instruments

Scheme Risk-o- meter



Benchmark Risk-o-meter



Benchmark - 65% Nifty 500 TRI + 25% NIFTY Short Duration Debt Index + 5% Domestic prices of gold + 5% Domestic prices of silver

**Investors should consult their financial advisers 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)

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

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Thank You

