

# Build Portfolios for **TOMORROW'S OPPORTUNITIES**



**Introducing Bandhan Innovation Fund**

**Invest Now**

NFO Opens: 10<sup>th</sup> April 2024  
NFO Closes: 24<sup>th</sup> 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**

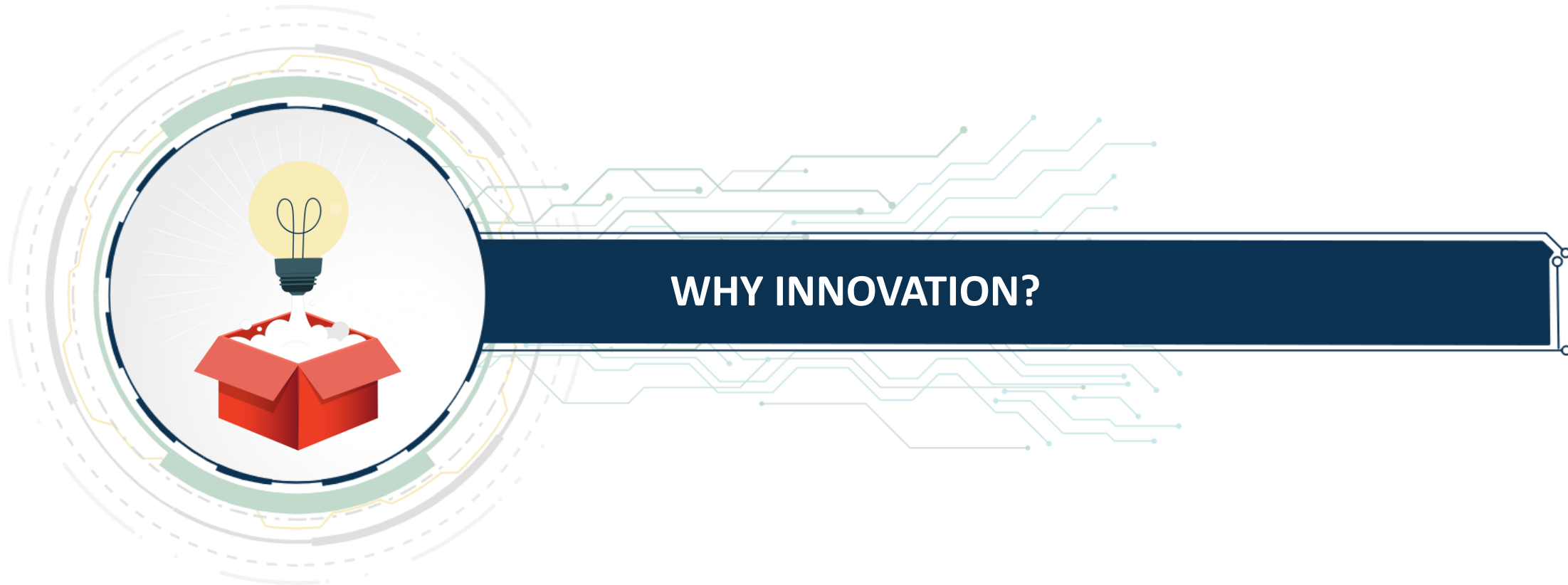


**Email**



**Instant Messaging**

**INNOVATION IN MESSAGING**



# WHY INNOVATION?

## Innovation helps companies holistically

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**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

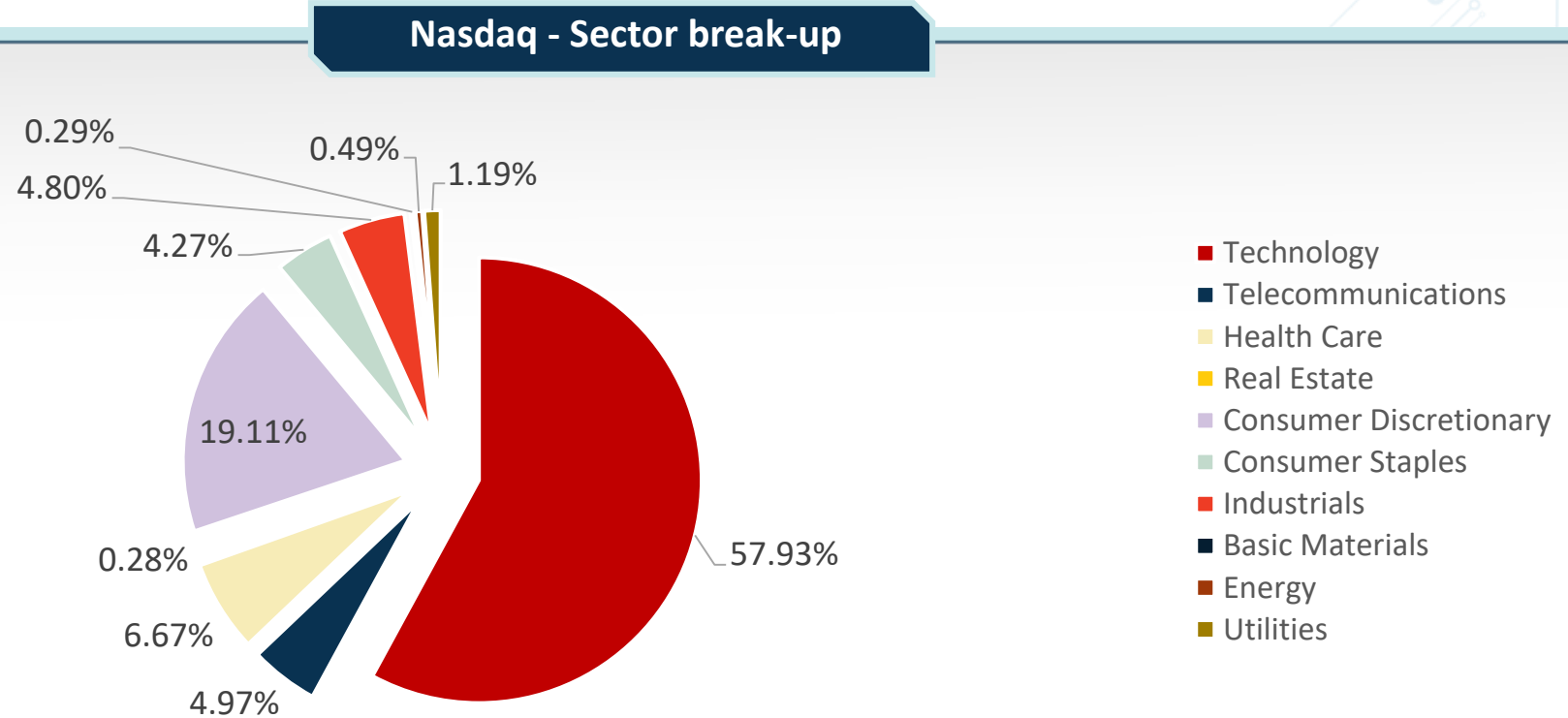


**NASDAQ reflects innovative companies; Nasdaq's 35x Returns Outpace S&P 500's 14x Over 34 Years**

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.



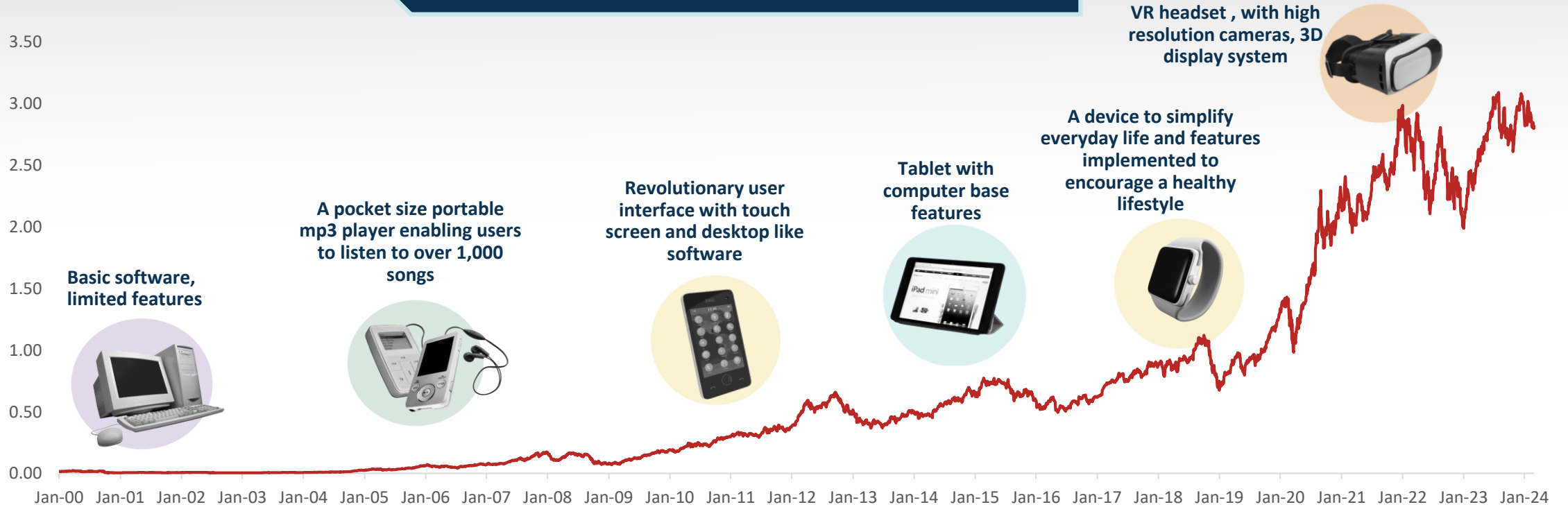
# Innovation is diversified across sectors such as Tech, Healthcare, Consumer Discretionary



**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 \$)



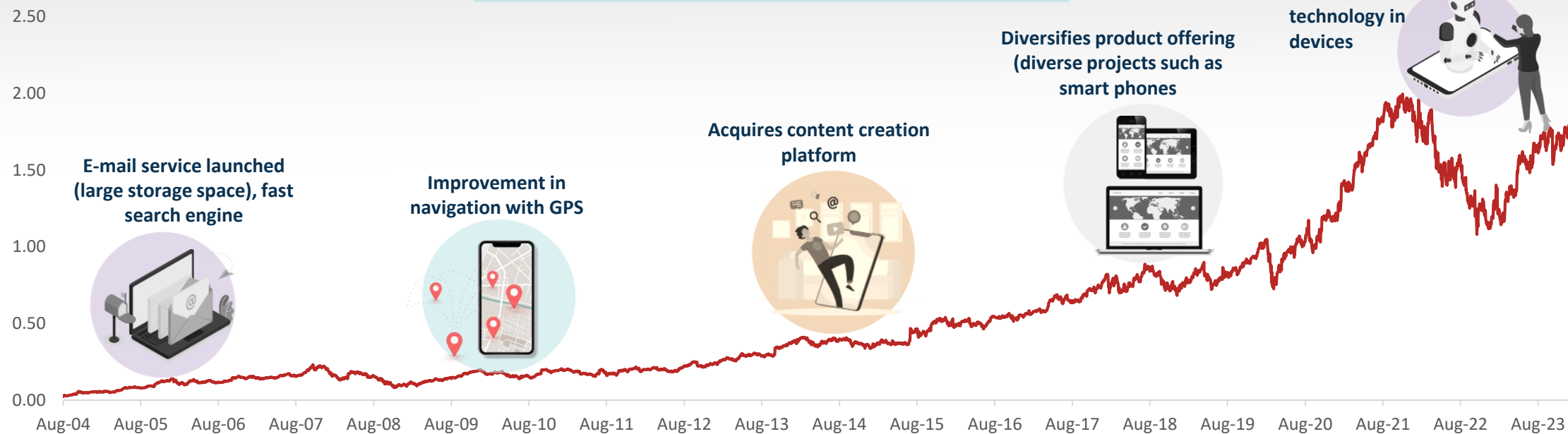
**MNC's Market Cap Expanded \$3 Trillion in 24 years**  
**R&D encourages scientific innovations and spur patents leading to productive growth**

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**



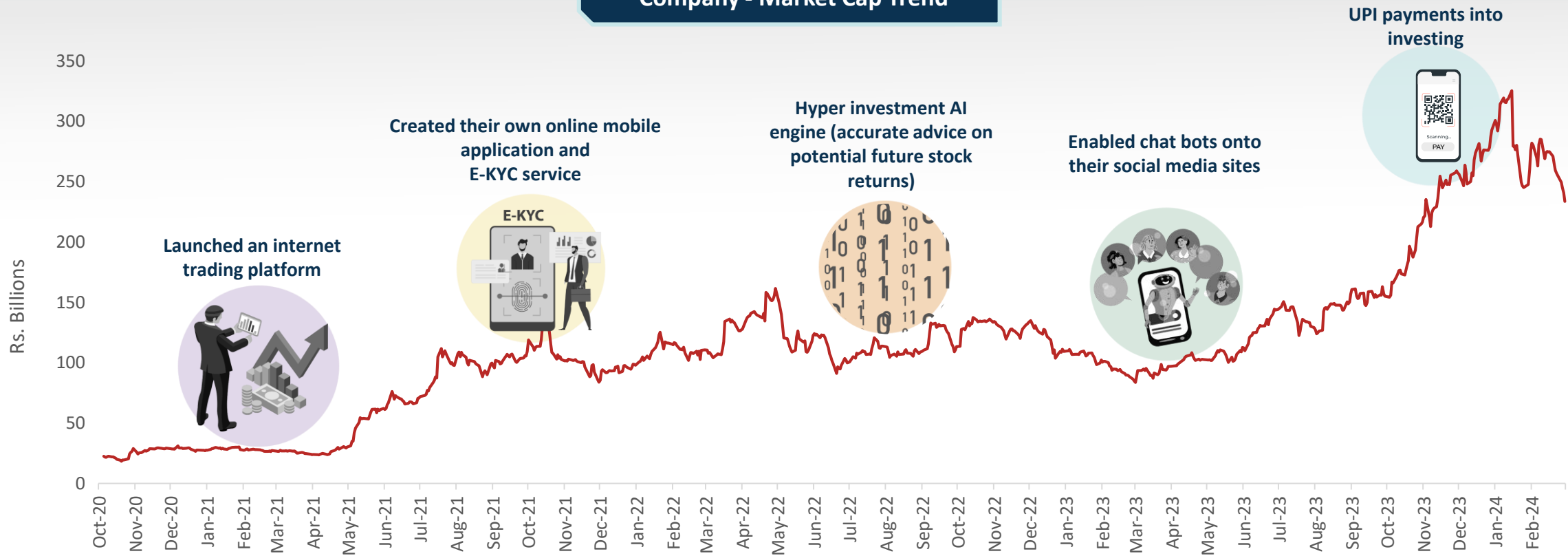
**Entertainment**



**Retail**

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

## Company - Market Cap Trend

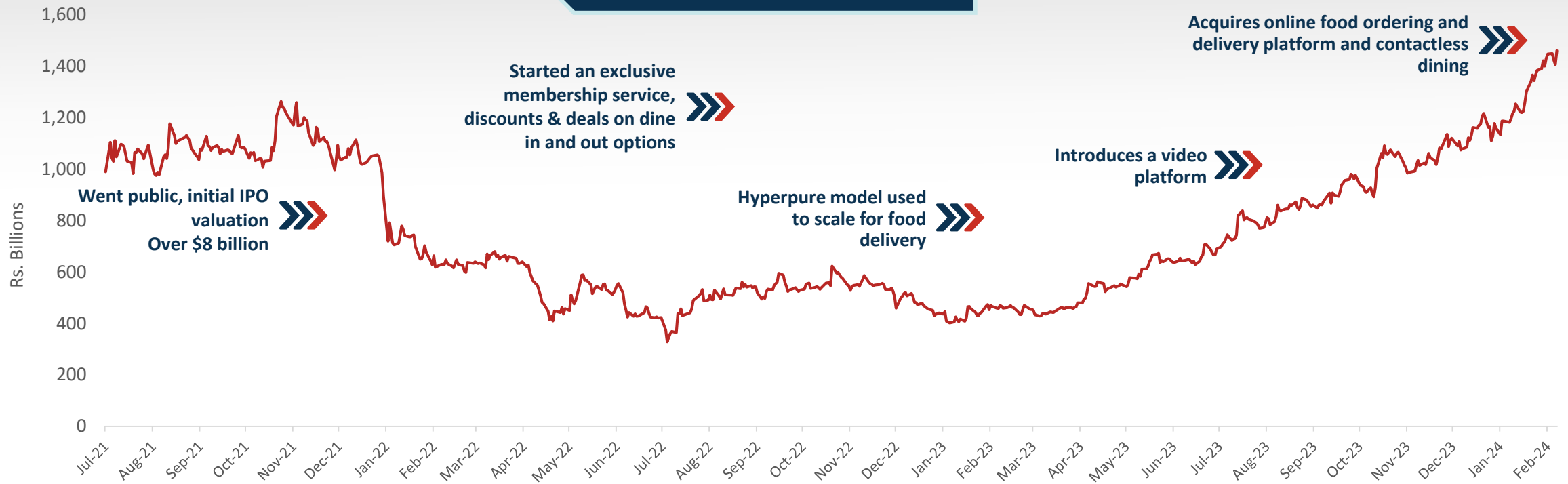


Started as a brick-and-mortar enterprise, then transformed into a digital platform

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**

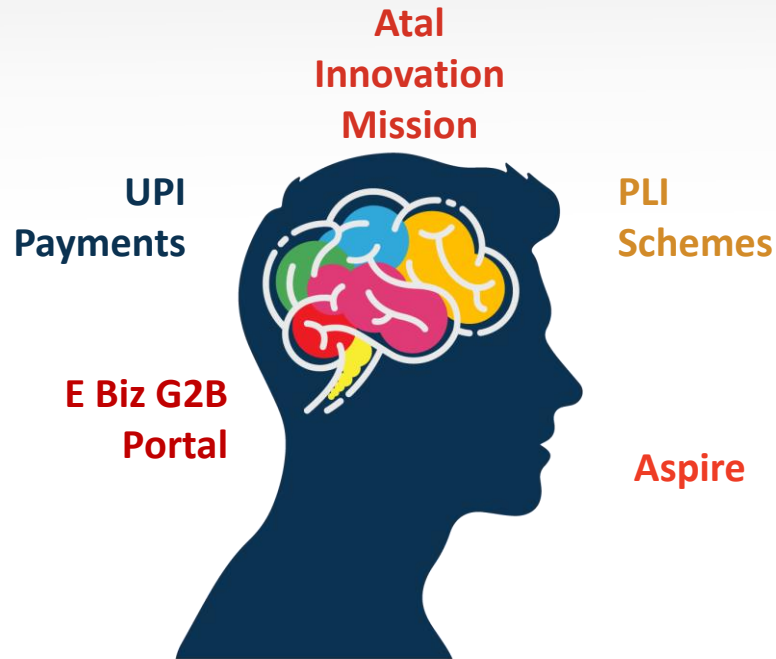
Source: Bloomberg. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from Bandhan Mutual Fund or indicative portfolio of any scheme of Bandhan Mutual Fund. Bandhan Mutual Fund may or may not hold any position in these sectors/stocks. 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.



## WHY INNOVATION NOW?

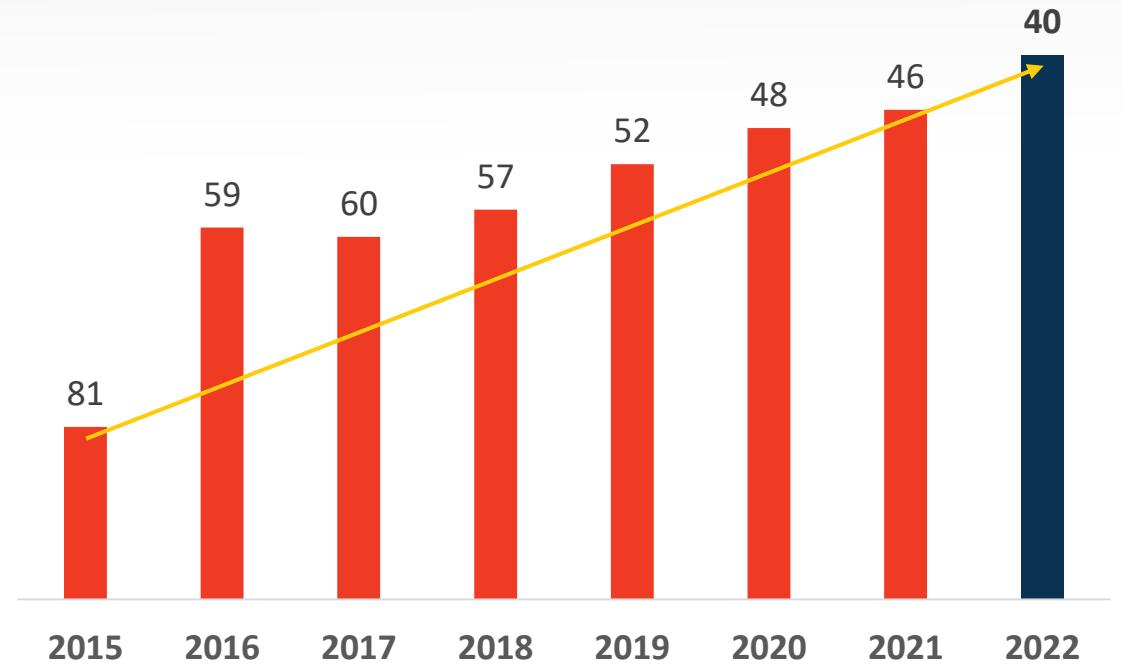
# Structural initiatives fueling innovation – India’s rank improved significantly

## Structural Initiatives

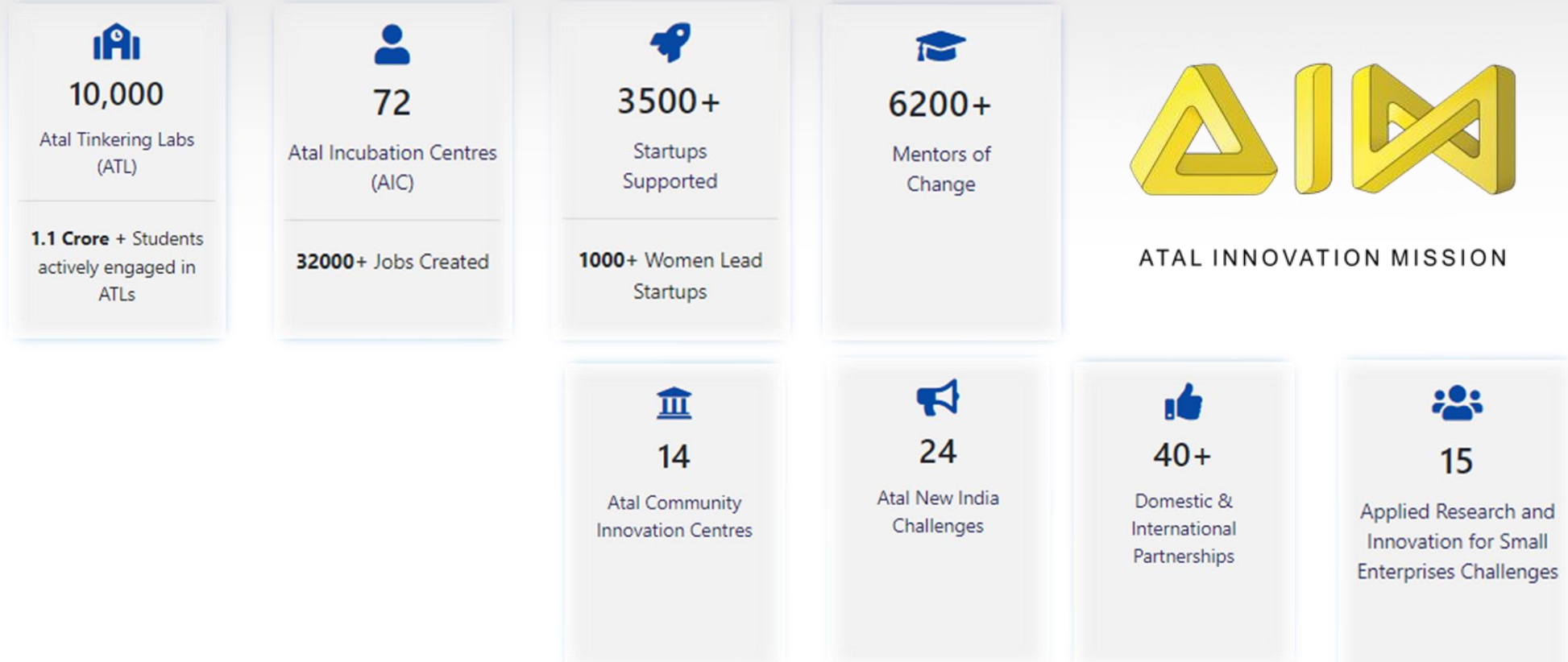


## India’s Global Innovation Rank (GII)

India’s rank has improved



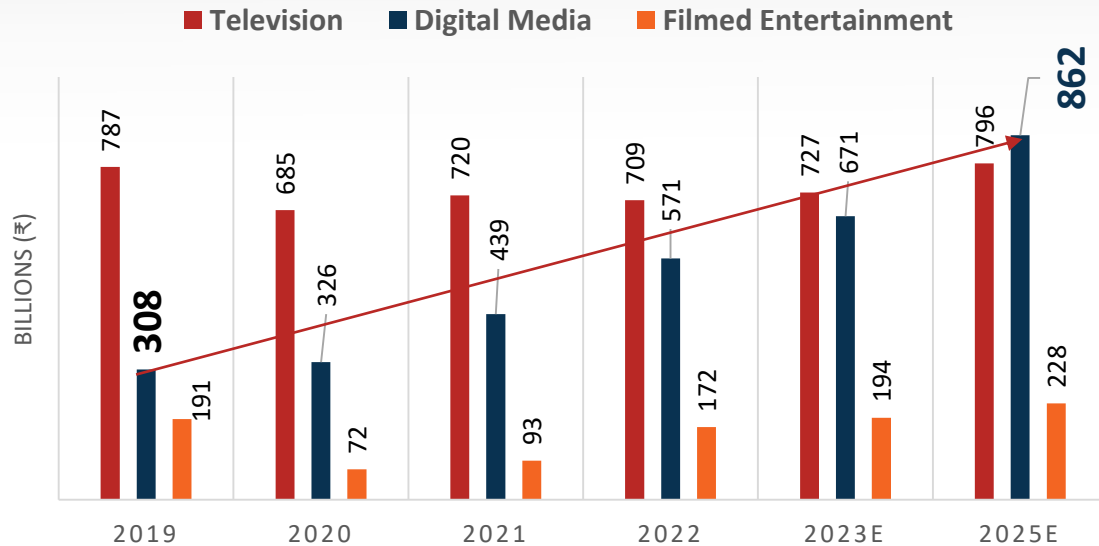
# Government initiative to create and promote a culture of innovation



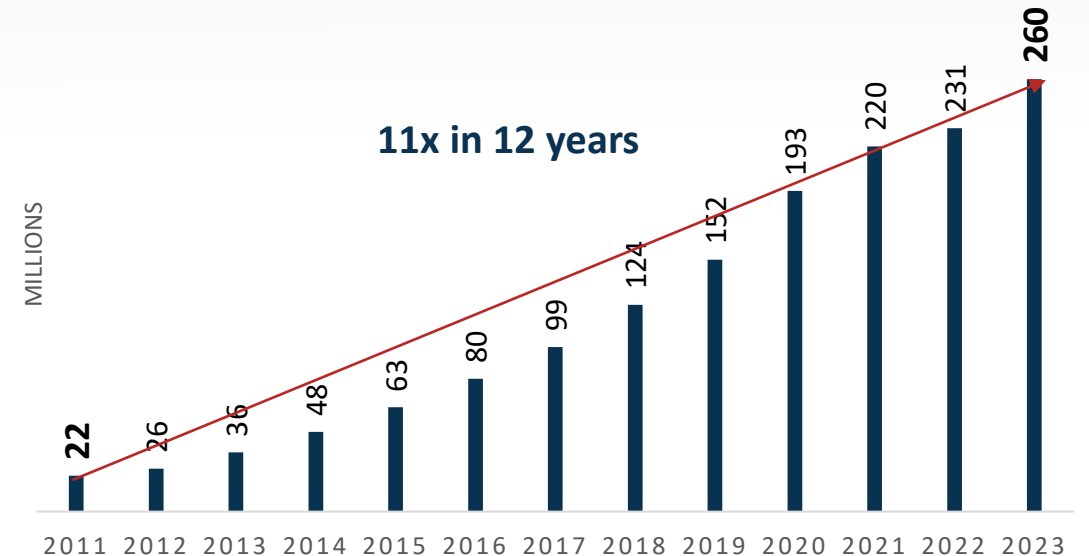
Atal Innovation Mission (AIM) is Government of India's flagship initiative to create and promote a culture of innovation

# 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

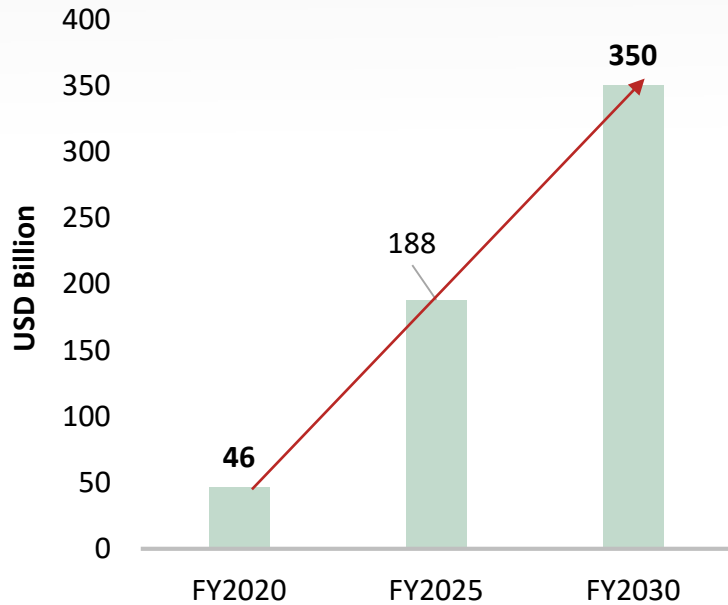
Source: EY, Above data is shown for growth in revenue. (Investor relation letter) Subscription service platforms. M&E: Media and Entertainment. Past performance may or may not be sustained in the future.



# 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 2<sup>nd</sup> 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



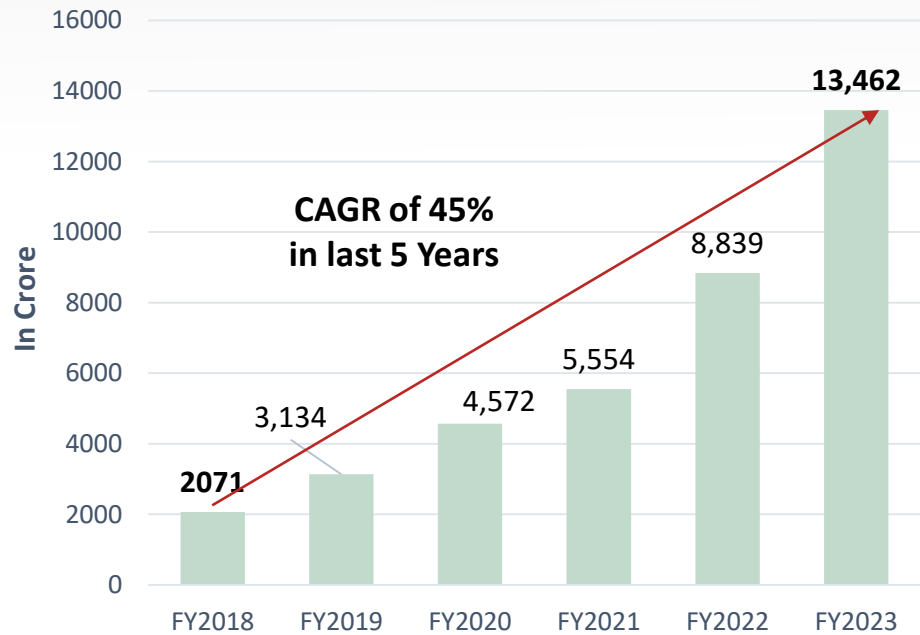
- Global scale
- Efficient inventory management, supply chain
- Access to delivery options

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

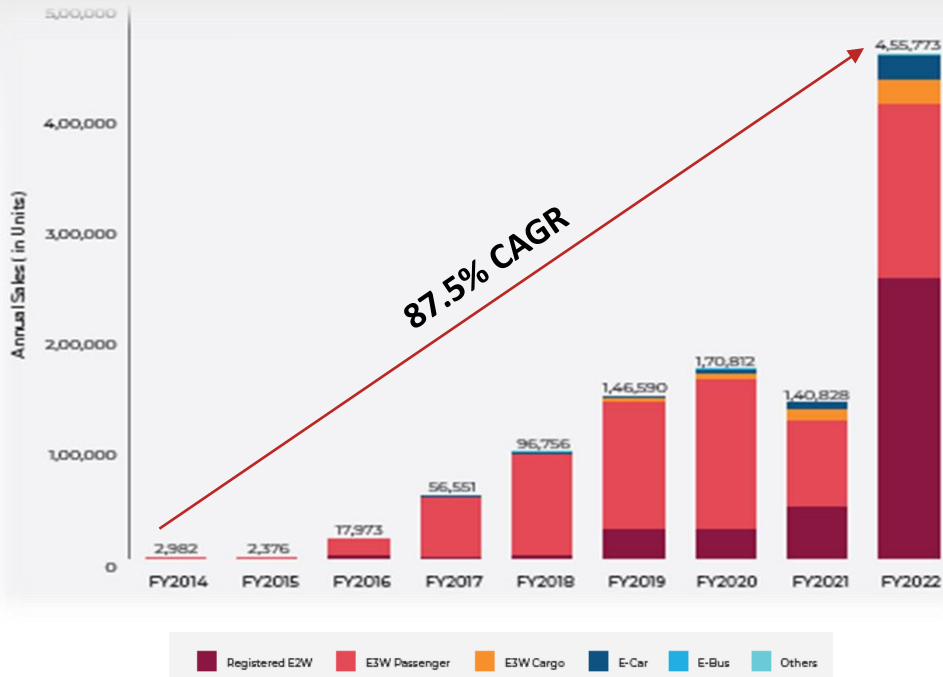


Mobile banking, digital wallets

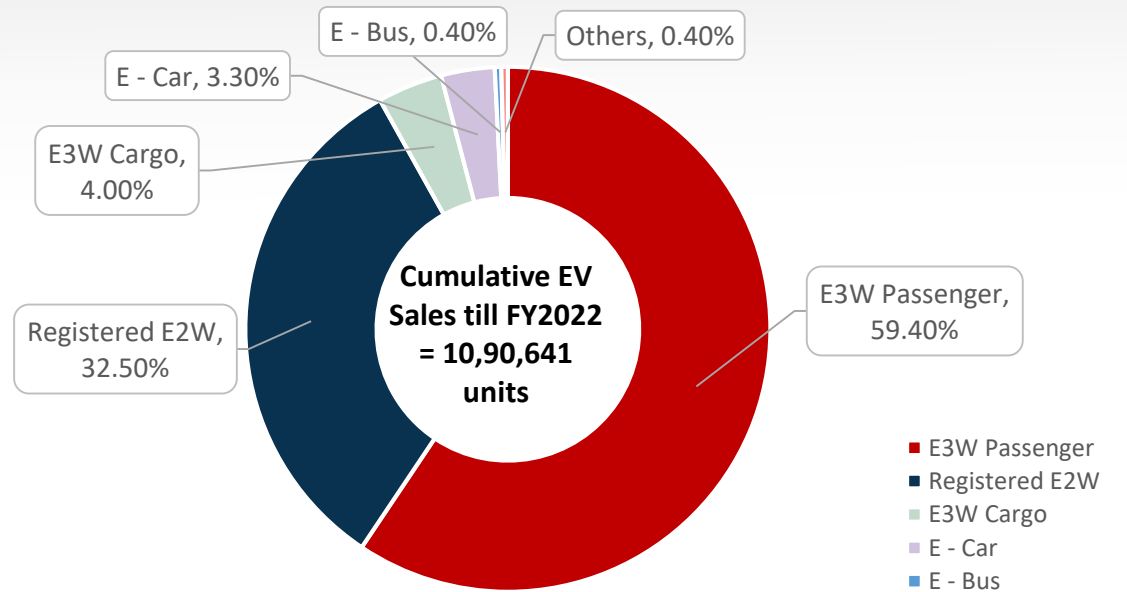


# Innovation in Auto – EVs have huge potential

EV Annual Sales Trend – India (FY2014-22)



Vehicle Category-wise Market Share (FY2014-22)



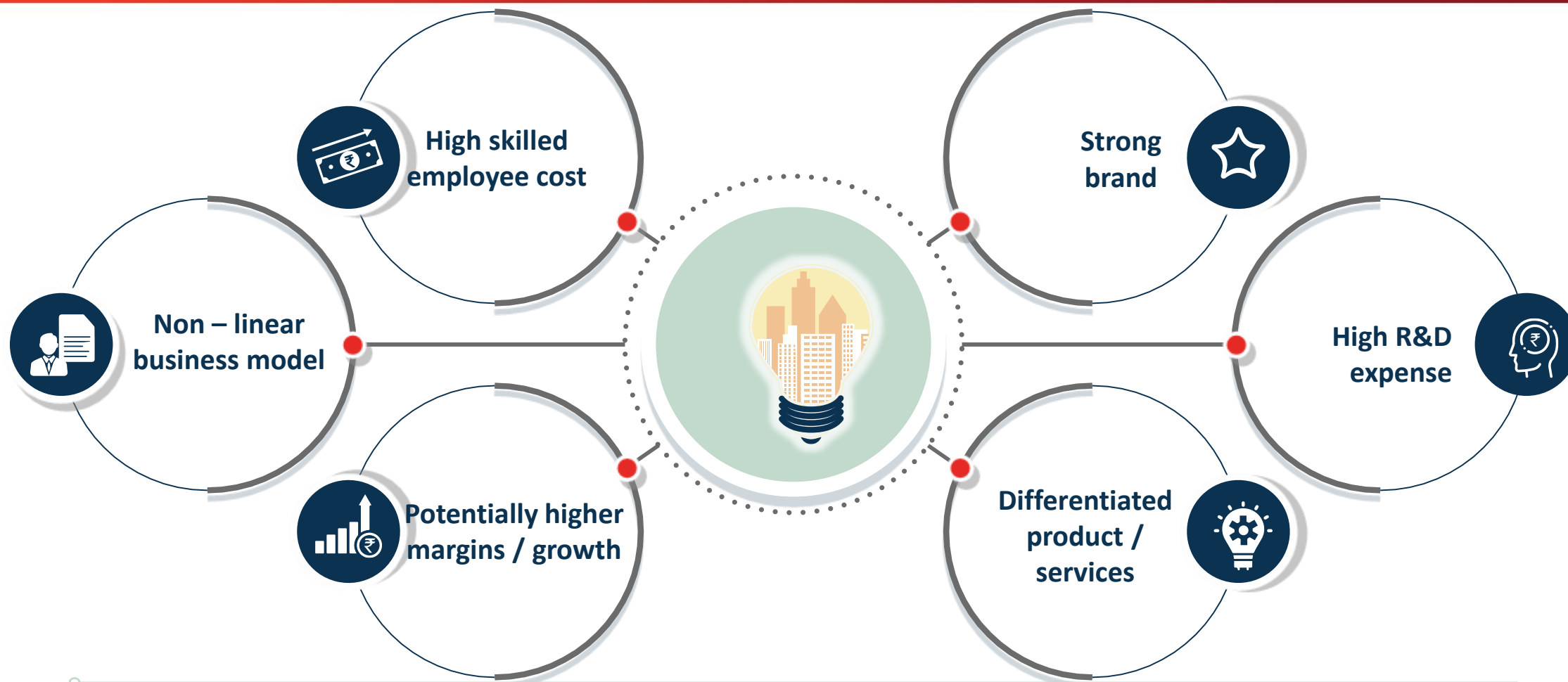
India aims for net zero emissions by 2070 (Paris Climate Agreement), an enabler for potential increase in EV sales

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



## WHY BANDHAN INNOVATION FUND?

## Characteristics of innovative companies we would be looking at

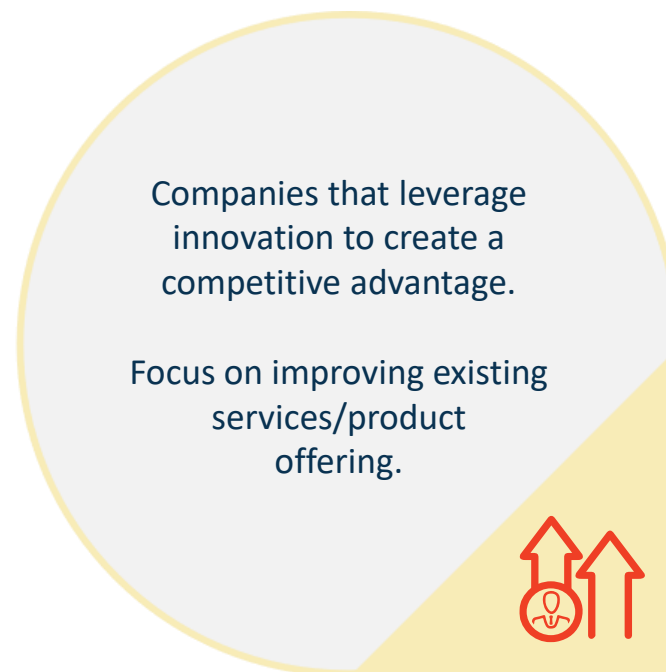


These characteristics usually lead to the company having a high Price to Book valuation as there is a higher weight of intangible value vs physical assets

## Fund's investment framework



**Leading  
Innovators**



**Rising  
Innovators**

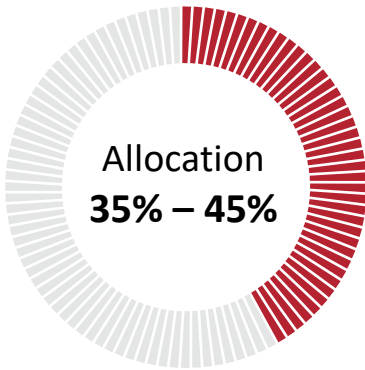


**Emerging  
Innovators**

# Portfolio construction approach



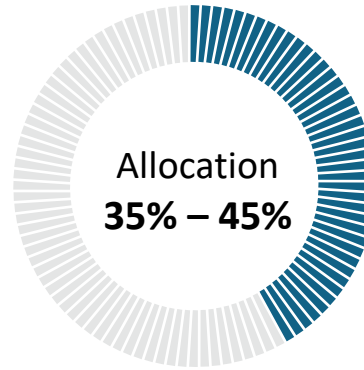
## Leading Innovators



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



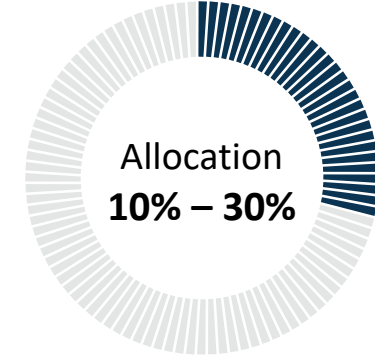
## Rising Innovators



- **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

Factors that may impact investment results:

- Companies in specific sectors that may not achieve expected earnings result
- Any unforeseen change in company or market



### 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.

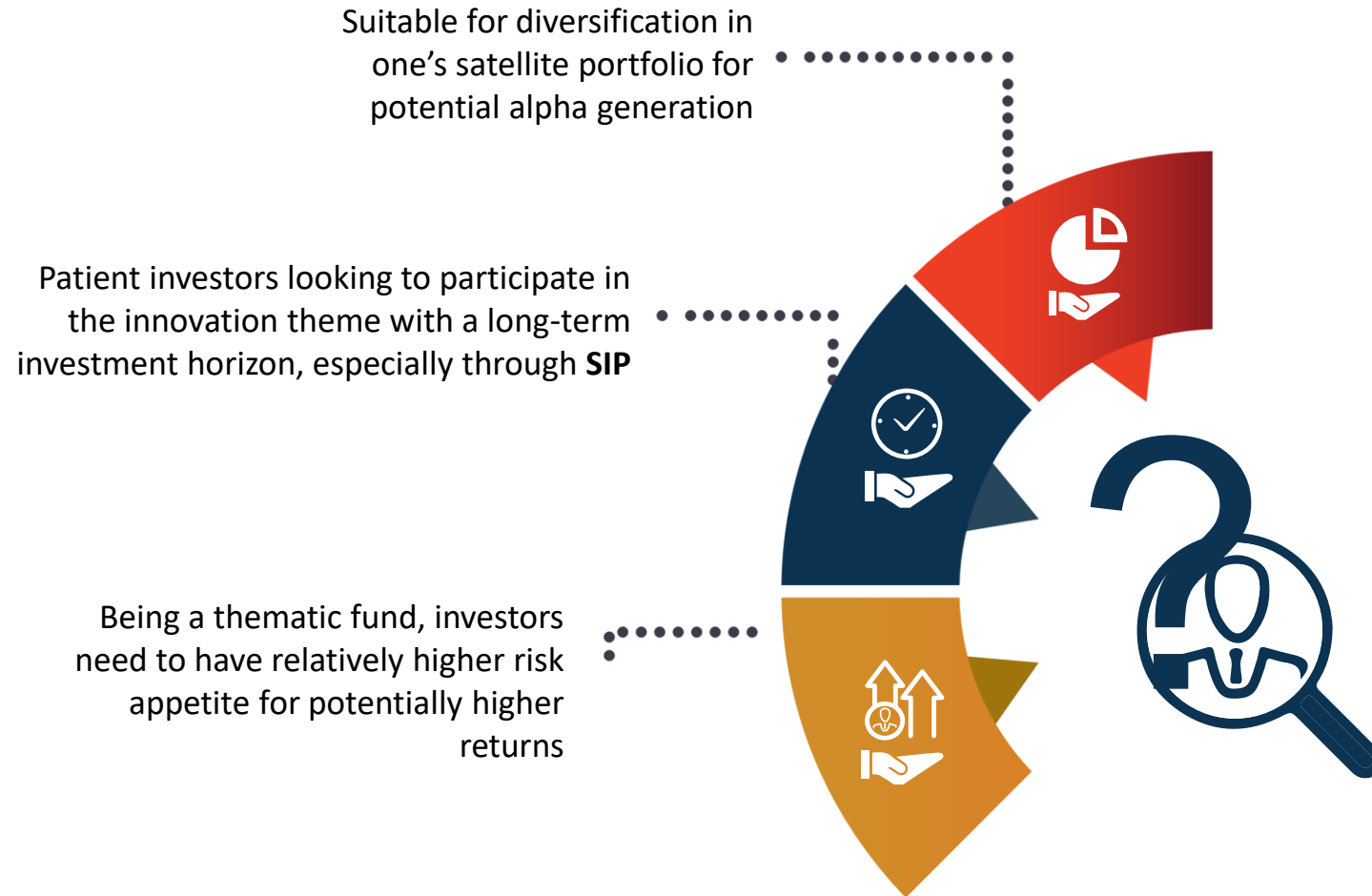


### Financial risk

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

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### 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

Manish Gunwani serves as the Head of Equities at Bandhan AMC. With his deep expertise in equity fund management and a distinguished career spanning over 28 years, Manish is celebrated for his strategic approach to wealth creation and consistent track record in the sector. His extensive experience encompasses a broad spectrum of equity research and fund management.

Before his current role, Manish was the Chief Investment Officer - Equities at Nippon India Mutual Fund, managing an equity AUM of over Rs 1.2 lakh crores. He also significantly contributed at ICICI Prudential AMC as the Deputy CIO (Equities), where he was instrumental in growing two flagship funds to a total AUM exceeding Rs. 35,000 crores.

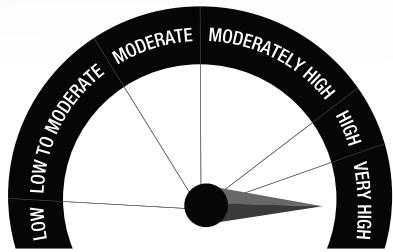
An alumnus of IIT Madras, Manish also holds a postgraduate diploma in management from IIM Bangalore. Beyond his professional sphere, Manish takes a keen interest in reading about historic events and follows football.

## Fund details

<b>Benchmark</b>	<b>Nifty 500 TRI</b>
<b>Exit Load</b>	<ul style="list-style-type: none"><li>• If redeemed/switched out within 30 days from the date of allotment: 0.50% of the applicable NAV</li><li>• If redeemed/switched out after 30 days from date of allotment – Nil</li></ul>
<b>Fund Managers</b>	<b>Equity portion:</b> Mr. Manish Gunwani <b>Debt portion:</b> Mr. Brijesh Shah <b>Overseas portion:</b> Ms. Ritika Behera
<b>Investment Objective</b>	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.
<b>Subscription</b>	<b>Lumpsum purchase</b> - Rs. 1000/- and in multiples of Re. 1/- thereafter Additional purchase – Rs. 1000/- and any amount thereafter; <b>Repurchase/Redemption</b> - Rs. 500/- or the account balance of the investor, whichever is less <b>SIP</b> - Rs. 100/- and in multiples of Re. 1 thereafter [Minimum 6 installments] <b>SWP</b> - Rs. 200/- and any amount thereafter; <b>STP</b> - Rs. 500/- and any amount thereafter

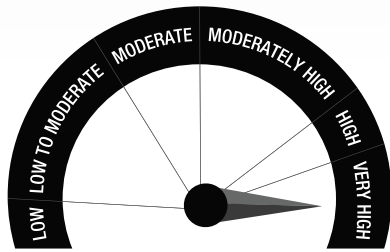
# Product Label

## Benchmark Riskometer



NIFTY 500 TRI

## Scheme Riskometer



Investors understand that their principal will be at Very High risk

## Bandhan Innovation Fund Thematic Fund

This product is suitable for investors who are seeking\*:

- To create wealth over a long term
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\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



## Glossary

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**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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