

Invest in the ones you bank with.

Introducing

Bandhan Nifty Bank Index Fund

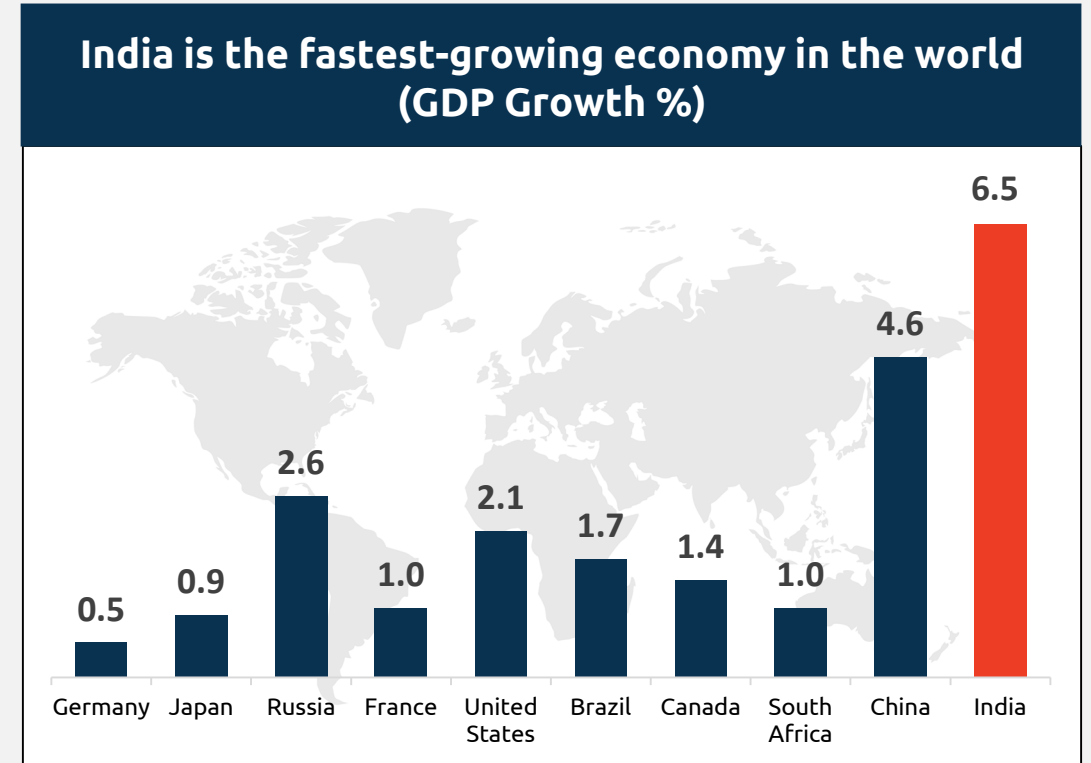
Invest Now

**NFO Opens: 8th August,
2024**
**NFO Closes: 22nd August,
2024**

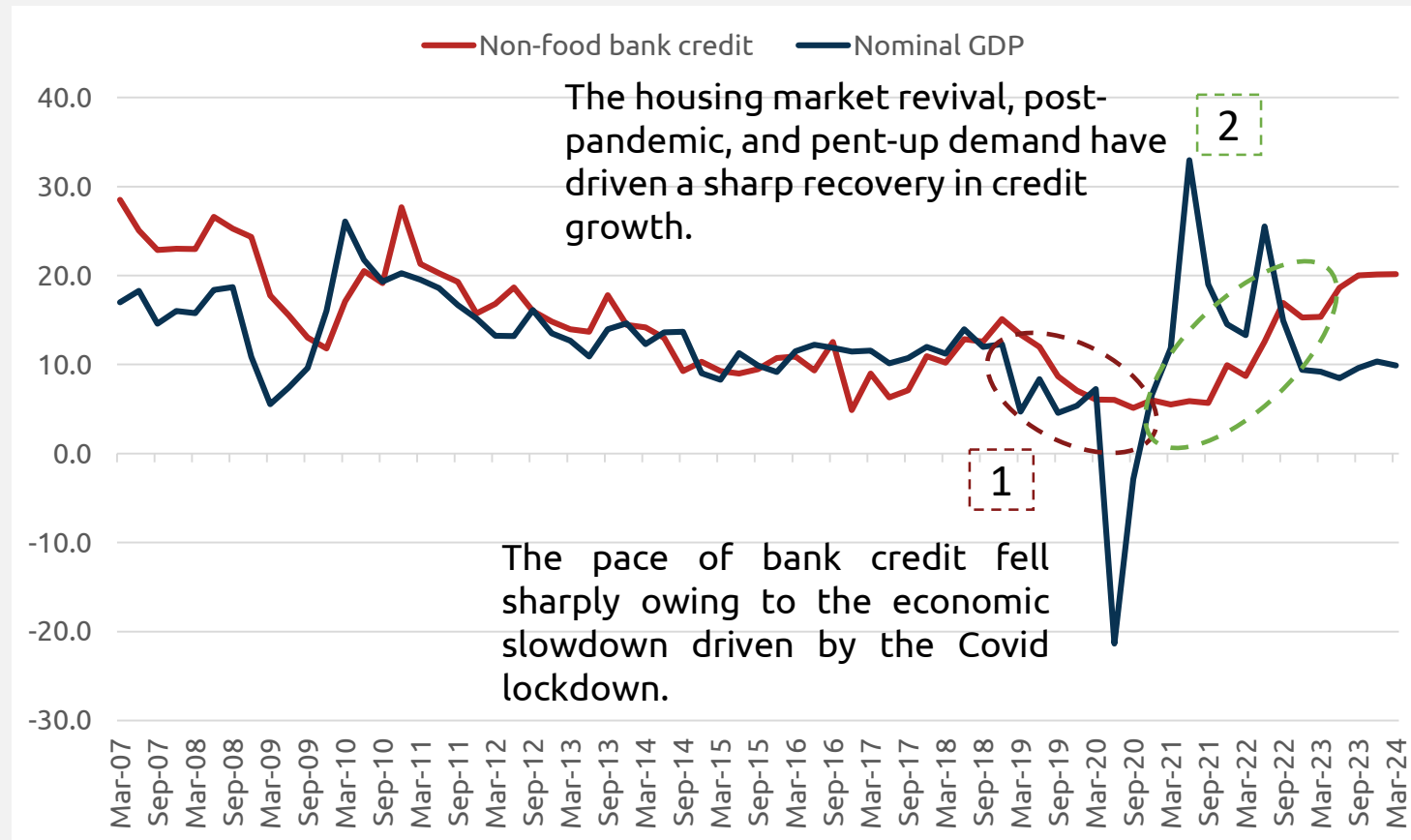


India – One of the world’s fastest-growing economies

India – Then and Now				IMF estimates
Key parameters	1991	2023	Change (x)	2025E
Nominal GDP	\$0.3tn	\$3.7tn	10x	\$4.5tn
Share in world GDP	1.20%	3.1%	2.6x	3.50%
GDP in PPP	\$1.1tn	\$11tn	10x	\$14.6tn
Per capita GDP	\$318	\$2,449	8.0x	\$2,830
Forex reserves	\$5.8bn	\$600bn	100x	...
Bank credit to GDP (%)	20.4%	55%	2.7x	...



Stronger GDP growth, Stronger Credit growth



- Evidence suggests GDP growth and Bank Credit, a propeller of growth is often closely interlinked.
- An increase in GDP can suggest an upswing in credit which may in turn enhance financial performance.

Source: CEIC, Bandhan MF Research. Data as of the end of 30th March 2024. As per the latest data available.



Banks Poised to Fund India's **growth**

Half a decade ago, Indian bank were in an unenviable position



High Non-Performing Assets

In the 2000s, rapid economic growth led to a borrowing spree for big businesses. However, the global financial crisis brought widespread financial strain and rising NPAs.



Low Return on Assets

Rising NPAs meant a growing portion of assets stopped generating income, reducing profitability and lending capacity.



Low Return on Equity



Prompt Corrective Action

PSU banks, key credit providers, faced a severe NPA crisis. The RBI placed 11 of 21 banks under PCA, significantly restricting lending and choking credit flow to the economy.

From NPA Struggles to Profitability



Stronger Balance Sheets



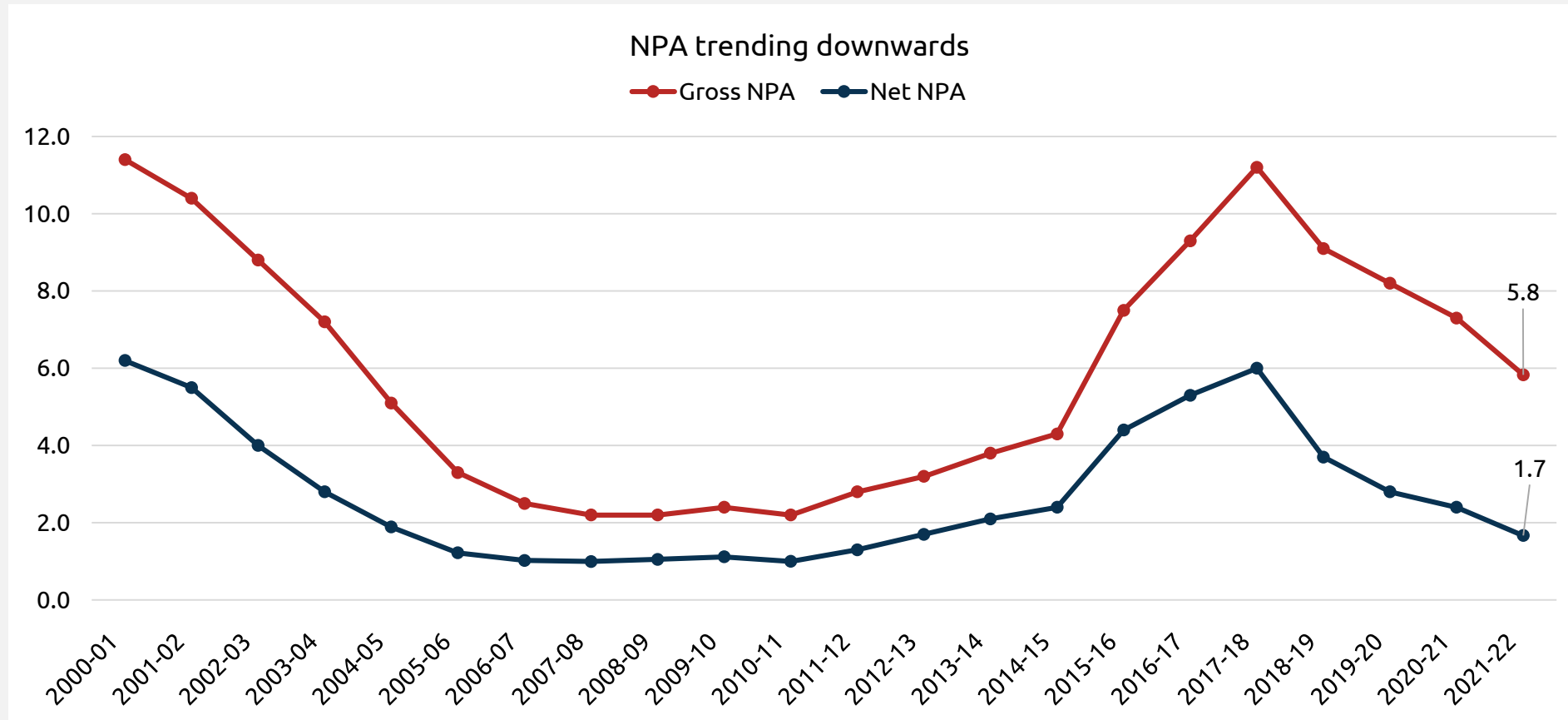
Healthy Credit Growth



Improved profitability



1. Cleaner balance sheets...

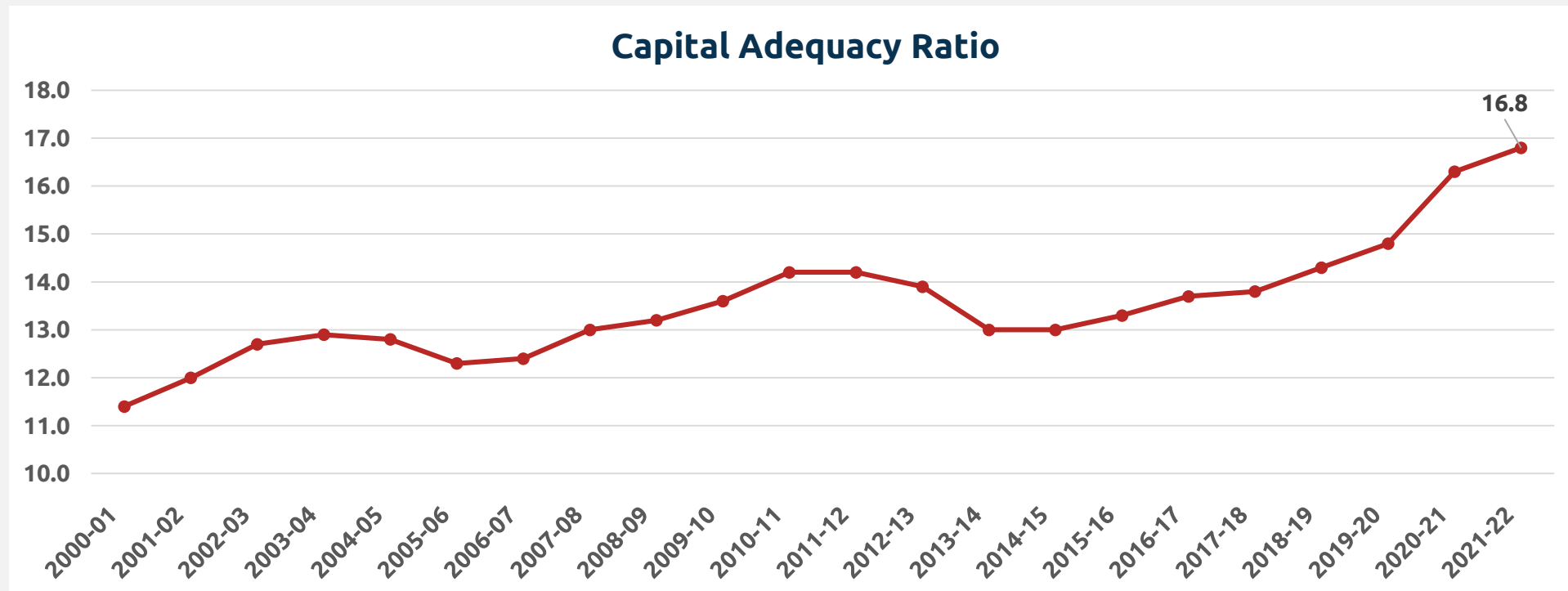


Source/Disclaimer: RBI. NPA as a percentage of advances. The latest data as available on the RBI website, data fetched on 30th June 2024.



2. Stronger balance sheets...

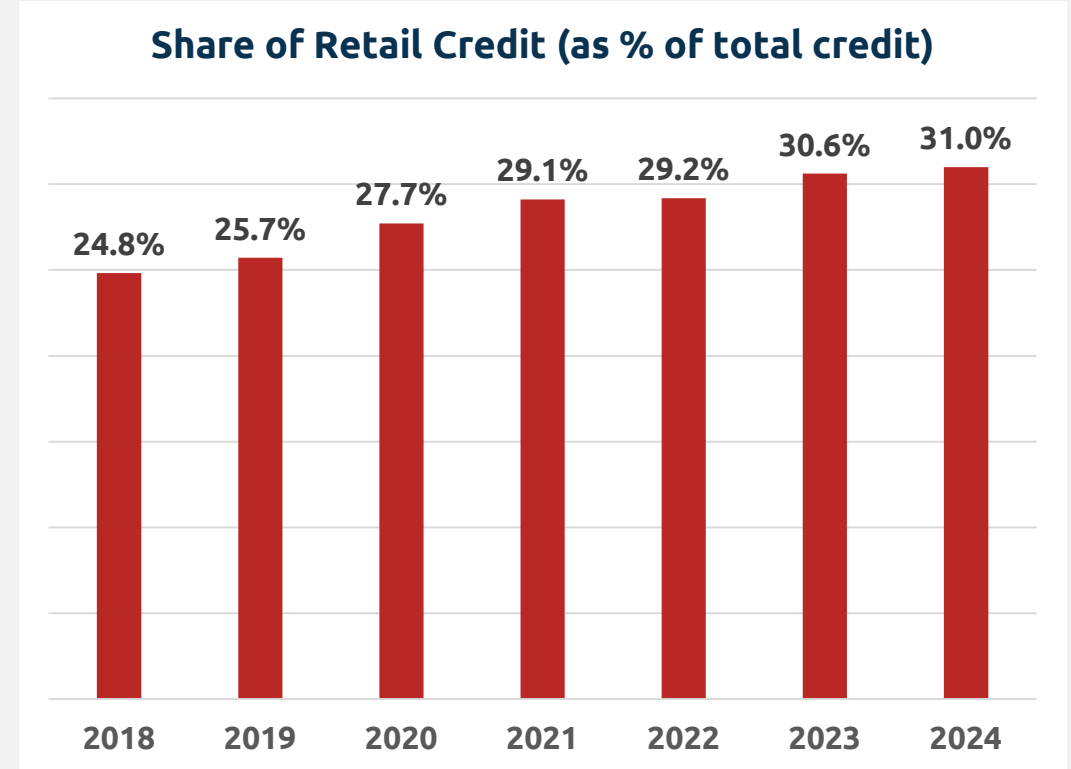
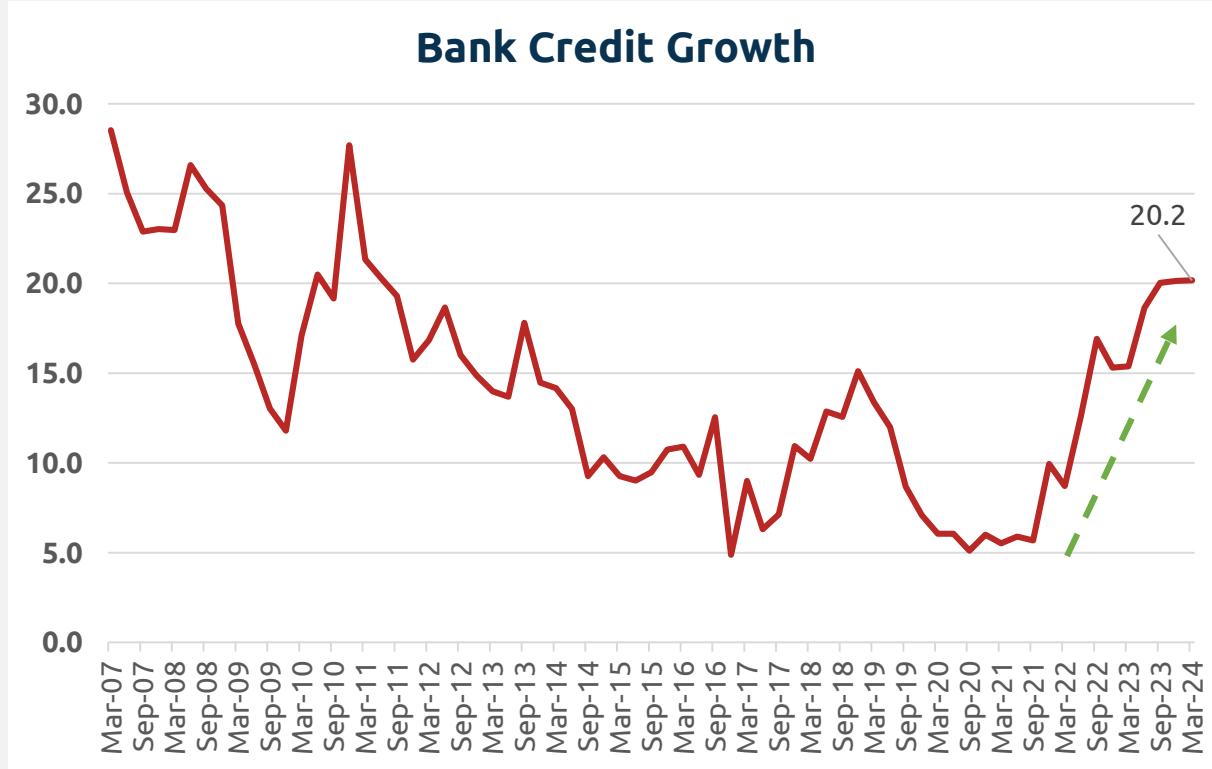
According to RBI guidelines, PSU banks should maintain a CAR of at least 12%, and private banks should have at least 9%. With a current CAR of 16.8%, banks are well-equipped to handle risks.



Source/Disclaimer: RBI. NPA as a percentage of advances. The latest data as available on the RBI website, data fetched on 30th June 2024.



3. Supported by credit growth



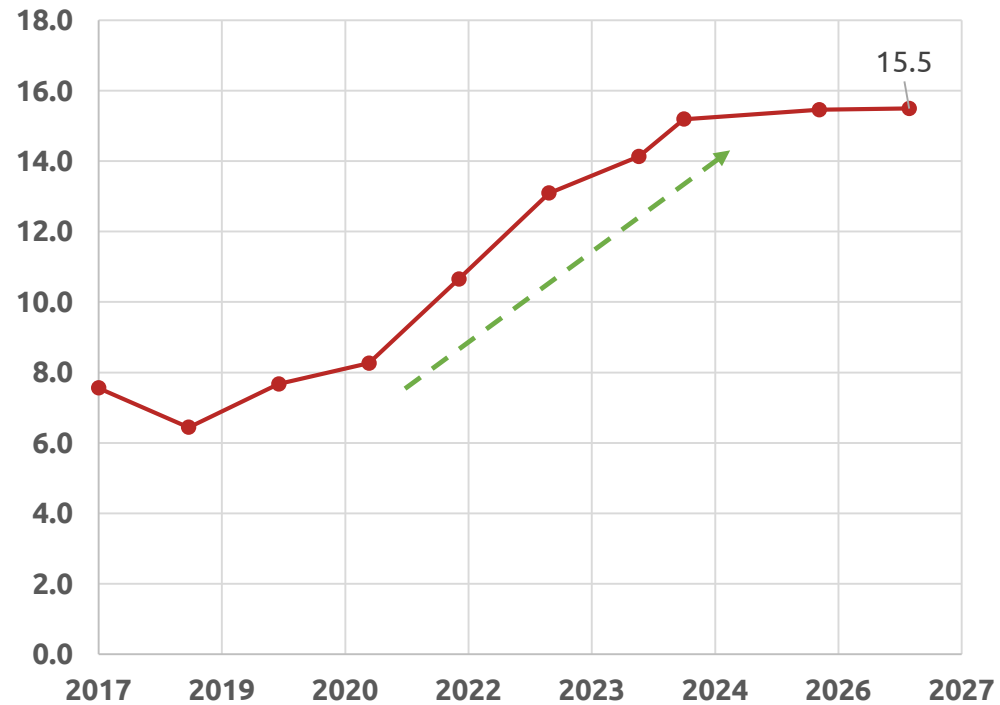
The higher share of retail credit may indicate more people borrowing from the organized sector. Typically retail credit sees lower delinquencies

Source/Disclaimer: RBI- Sectoral Deployment of Bank Credit. Data as of 31st May 2024. YoY Credit growth & Share of retail credit based on March end data for respective years

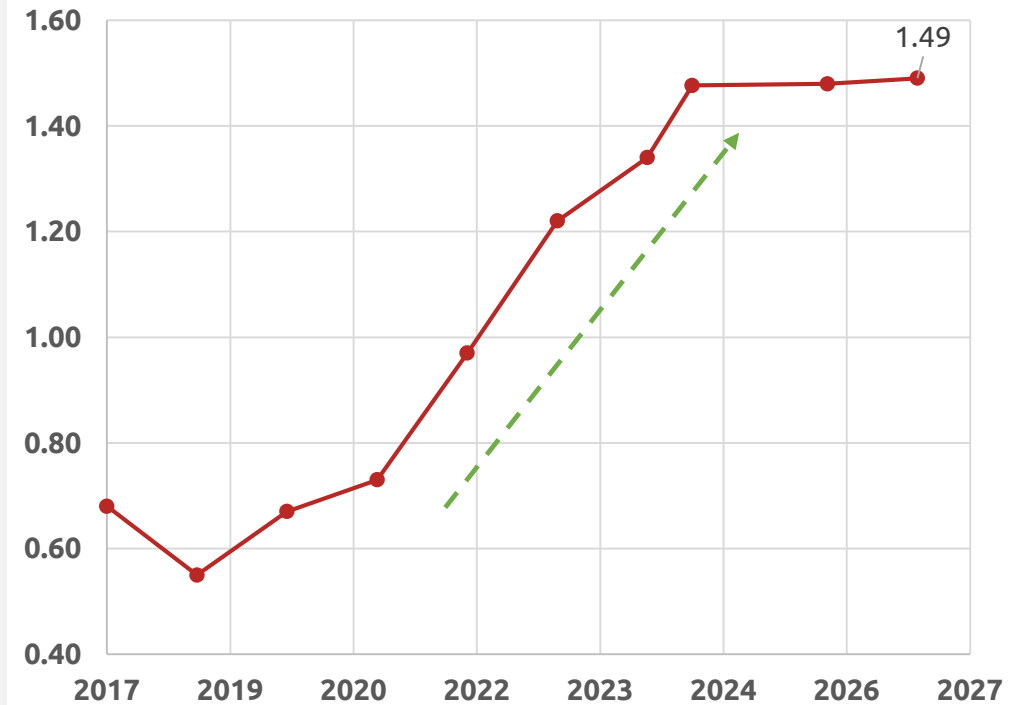


4. Enhanced Return Metrics

Return on Equity (%)



Return on Asset (%)



Disclaimer: Bloomberg. Data as of 30th June 2024. ROE & ROA are as of end of calendar year with an exception of 2024, which is as of 30th June 2024.



About Nifty Bank Index

Nifty Bank Index Methodology

Eligibility Criteria

- Should be part of the Nifty 500 Index
- Available to trade in F&O segment

Stock Selection

12 largest banking stocks (Based on *FFMcap)

Reconstitution

Semi-Annual
(Mar & Sep)

Weightage

Based on Free Float
M.cap of stocks
subject to capping

Index Composition: Sector & Stock holding

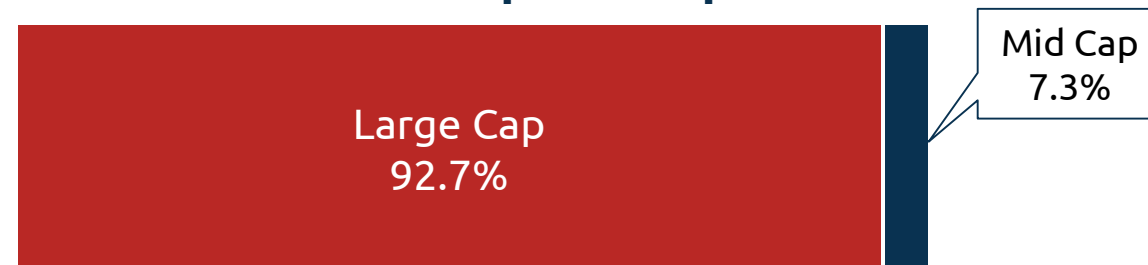
Index Constituents

Sr.No	Stock Name	Mcap Classification	Weight
1	HDFC BANK LTD.	Large Cap	28.4%
2	ICICI BANK LTD.	Large Cap	23.5%
3	KOTAK MAHINDRA BANK	Large Cap	10.2%
4	STATE BANK OF INDIA	Large Cap	10.1%
5	AXIS BANK LTD.	Large Cap	10.0%
6	INDUSIND BANK LTD.	Large Cap	5.5%
7	BANK OF BARODA	Large Cap	2.9%
8	FEDERAL BANK LTD.	Mid Cap	2.4%
9	AU SMALL FINANCE BANK	Mid Cap	2.1%
10	PUNJAB NATIONAL BANK	Large Cap	2.1%
11	IDFC FIRST BANK LTD.	Mid Cap	1.9%
12	BANDHAN BANK LTD.	Mid Cap	1.0%
Total			100.0%

Ownership



Market Cap breakup

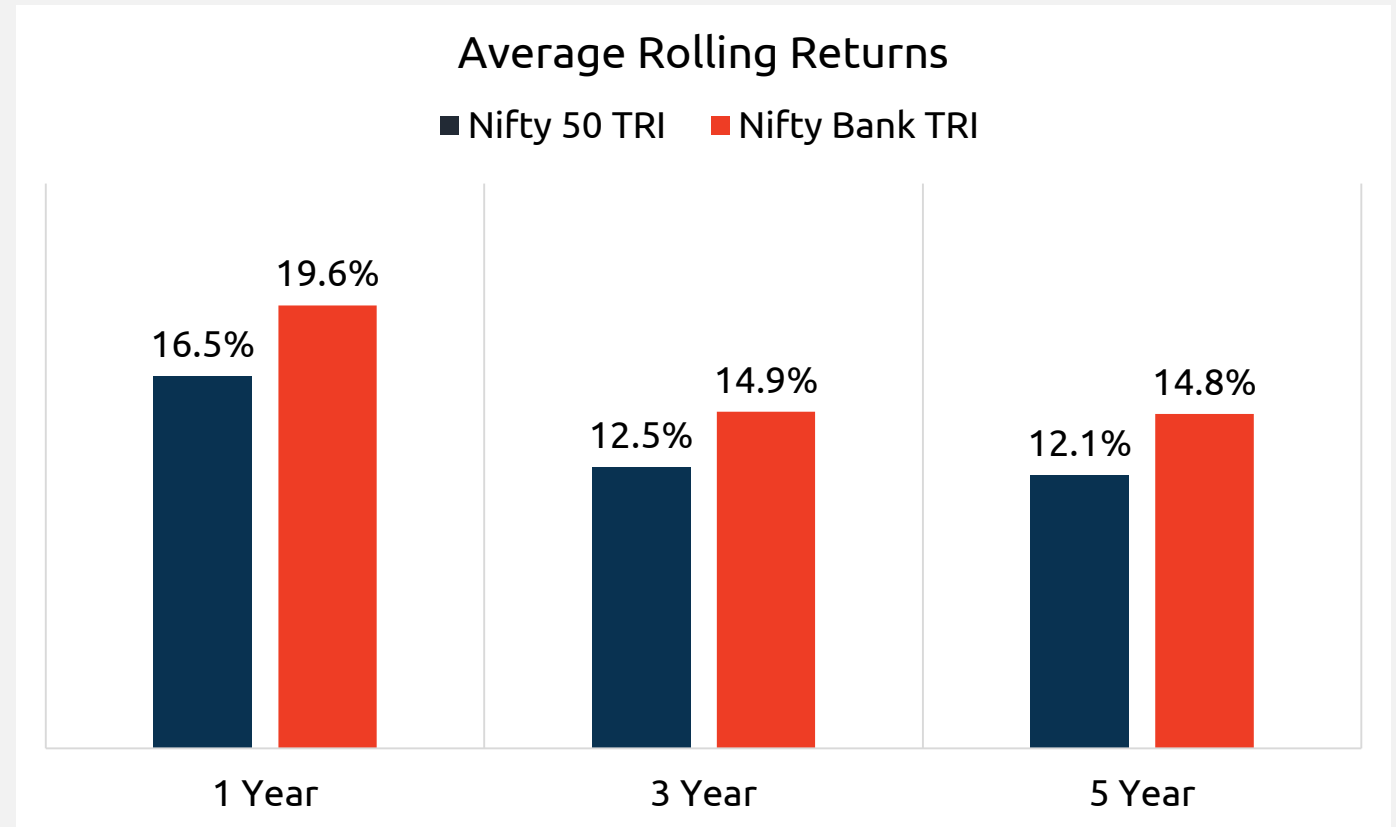


Source:
illustrat
portfol

classification. The sectors /stocks mentioned above are for
. The sectors/stock may or may not be part of our

Index Performance

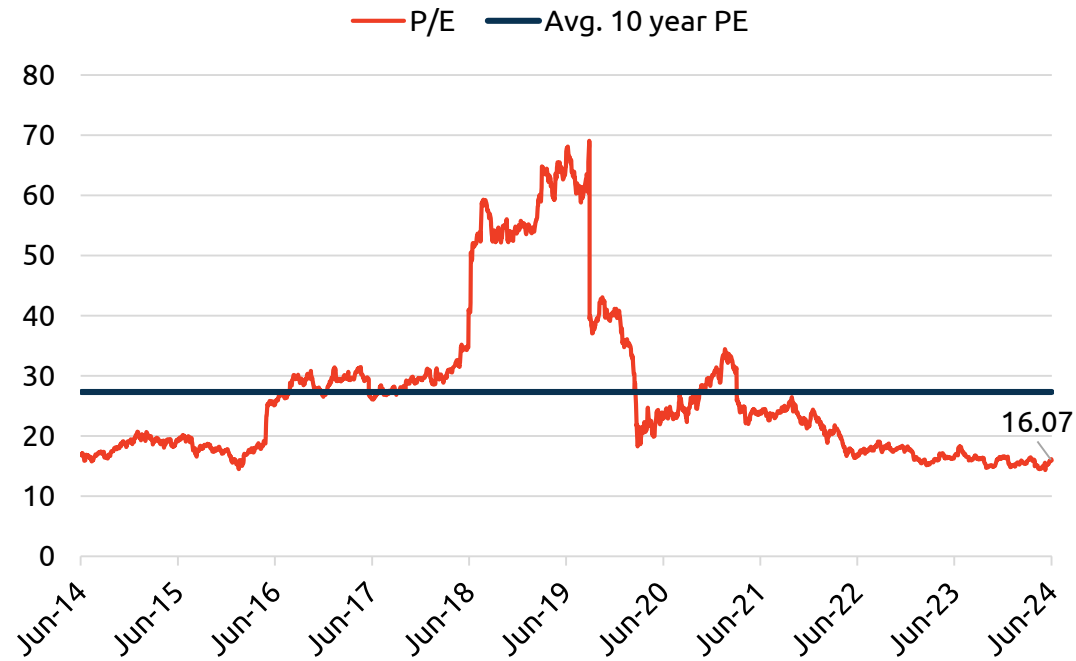
Across periods, the average rolling return of the Nifty Bank Index has been higher than the Nifty 50 Index



Source/Disclaimer- NSE. Data as of the end of 01st April 2005 to 30th June 2024. 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.

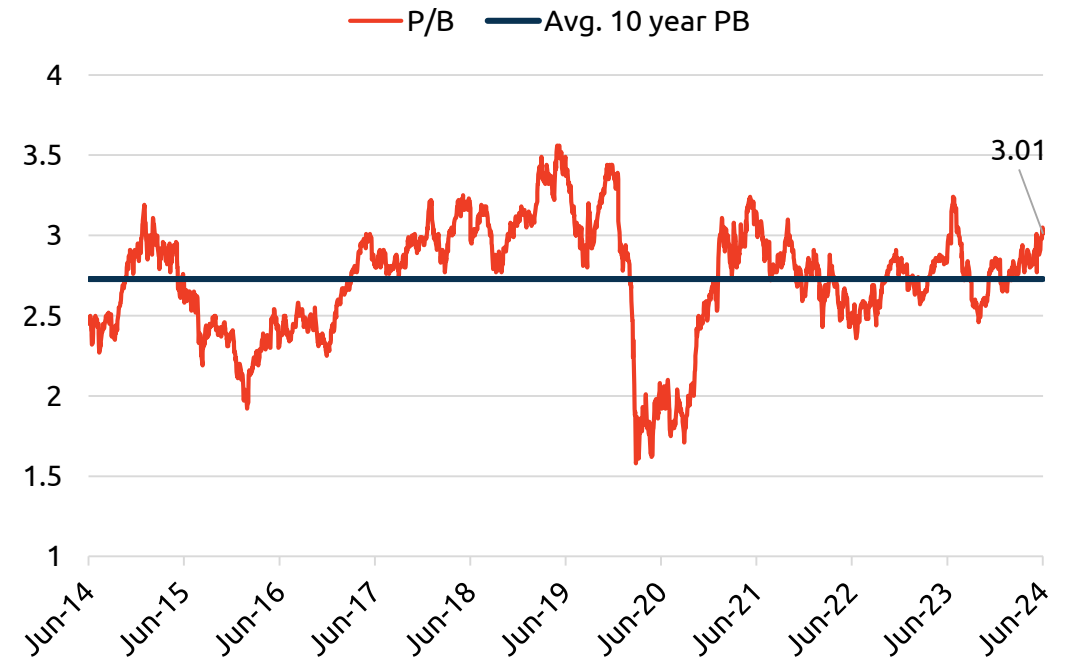
Attractive Valuation

Trailing PE of Nifty Bank Index



Currently trading at a ~40% discount to its average 10-year trailing PE

Price to Book



However, based on the PB ratio, it is trading at a 10% premium over its average 10-year trailing PB.

Across sectors, Banking seems to be valued reasonably

Sector	P/E (Premium/Disc out to 10yr Avg.)	10-Year Average P/E	P/B (Premium/Disc out to 10yr Avg.)	10-Year Average P/B
Nifty IT	29.0%	23.45	20.5%	6.55
Nifty Pharma	-9.9%	39.71	7.3%	5.06
Nifty Infrastructure	-22.3%	29.35	49.4%	2.39
Nifty Commodities	16.9%	15.17	39.6%	1.92
Nifty FMCG	259.1%	11.26	544.3%	1.74
Nifty Auto	-58.1%	58.37	10.1%	5.24
Nifty Bank	-41.5%	27.30	10.3%	2.73

The green color indicates levels below the 10-year average, while the red color indicates levels above the 10-year average

Who is this suitable for?

Seasoned investors or those with access to expert guidance

Investors looking to simplify sector-specific investment

Investors prepared for extended periods of volatility and potential underperformance

Key Takeaway

- Empirical evidence shows Banks stand to gain from growth in the economy. As the Indian economy races ahead, the Banking sector is expected to see higher profitability
- Earlier Indian Banks were seen in bad light owing to lax control and the resultant NPA and lower profitability
- However, various government initiatives and policy implementation by RBI have resulted in scripting a near-perfect turnaround story for these banks
- Banks often seen as growth propellers are primed to fund the India growth story. They are well-capitalized, have lower NPAs, and have seen record profitability
- The Nifty Bank Index provides exposure to 12 of the largest and most liquid Banks
- On a 3-year & a 5-year rolling return basis, the Nifty Bank Index has outperformed the Nifty 50 Index
- Currently the index is trading much lower than its average 10-year trailing PE

Bandhan Nifty Bank Index Fund



Type of scheme

An open-ended scheme tracking Nifty Bank Index



Minimum application amount

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



Benchmark

Nifty Bank Index



Investment Objective

The investment objective of the Scheme is to replicate the Nifty Bank Index by investing in securities of the Nifty Bank Index in the same proportion/weightage with an aim to provide returns before expenses that track the total return of the Nifty Bank Index, subject to tracking errors.

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.



Exit Load

- 0.25% - if redeemed on or before 15 days from the allotment date
- Nil – if redeemed after 15 days from the allotment date



Fund Manager



Mr. Nemish Sheth



NFO Date

08th August 2024 to 22nd August 2024

Disclosure

This product is suitable for investors who are seeking*	Scheme risk-o-meter	Benchmark risk-o-meter
<p>An open-ended scheme tracking Nifty Bank Index</p> <ul style="list-style-type: none"> To create wealth over long-term Investment in equity and equity-related instruments belonging to Nifty Bank Index <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>Investors understand that their principal will be at Very High risk</p>	 <p>Nifty Bank Index</p>

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

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Thank You

