



Bandhan
Mutual Fund

Badhte Raho

Aim to navigate efficiently through Business Cycles

Introducing

Bandhan Business Cycle Fund

(An open-ended equity scheme following a business cycle-based investing theme.)

Invest Now

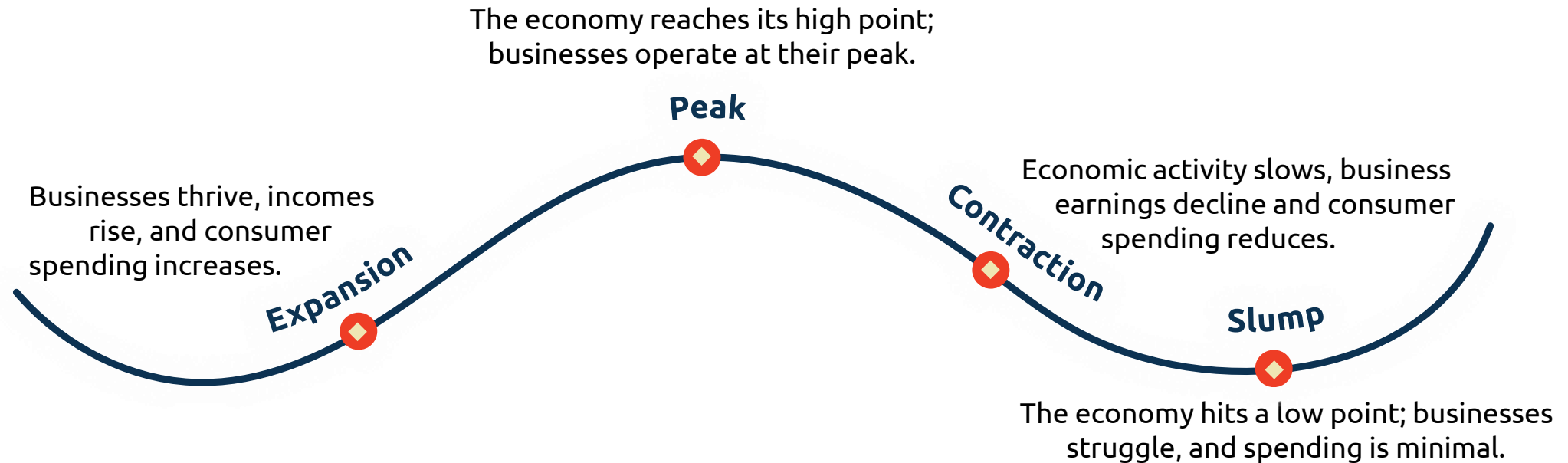
NFO Opens: 10th September 2024
NFO Closes: 24th September 2024





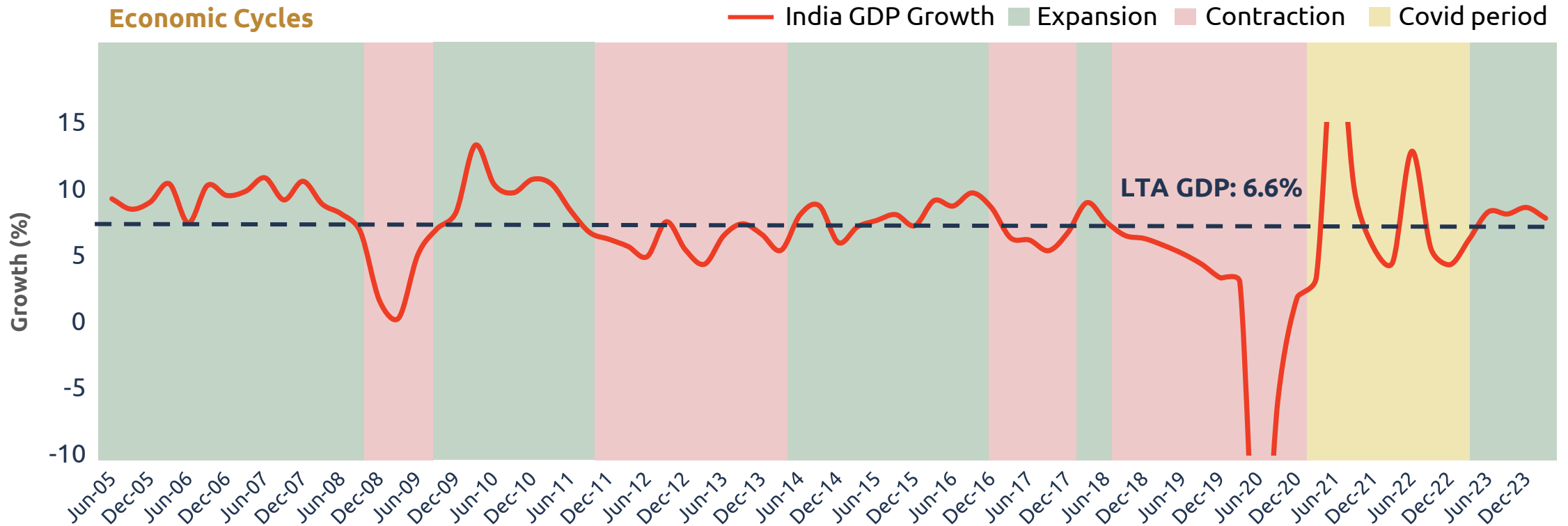
| What is a | Business Cycle?

The Business Cycle Explained



- Business cycle refers to fluctuations in economic activity, consisting of four key phases: **Expansion**, **Peak**, **Contraction**, and **Slump**.
- Each phase influences economic growth, which in turn affects investment decisions.
- Business cycle investing involves adopting an investment strategy based on the current phase of the economy.

The Business Cycle: Navigating Through Economic Phases



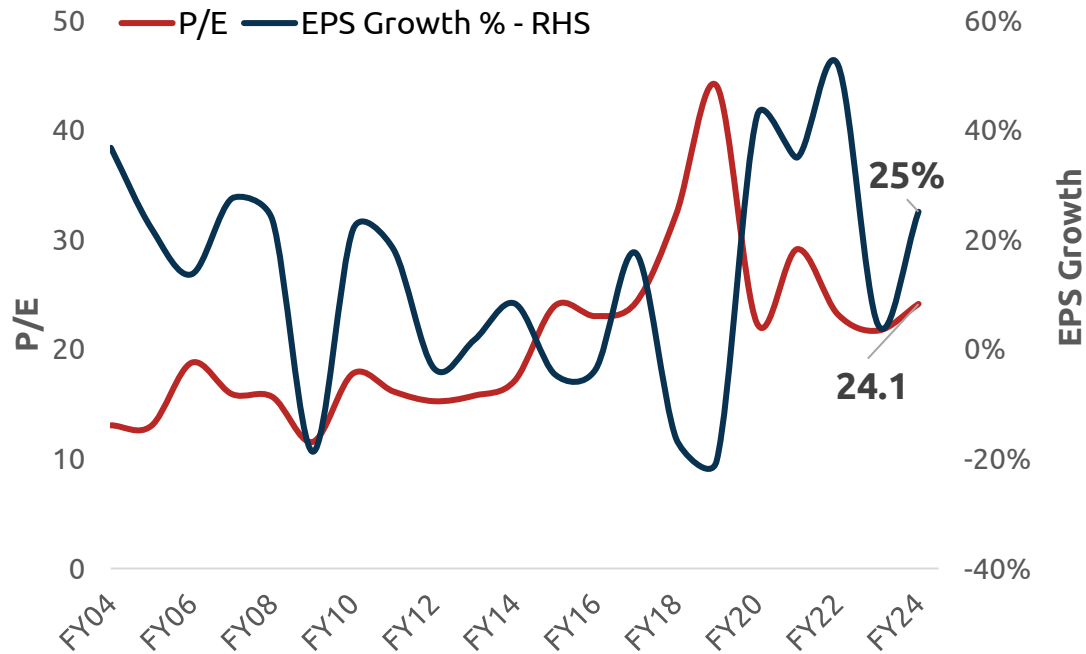
Economic Expansion - India's GDP growth above its long-term average

Economic Contraction - India's GDP growth below its long-term average

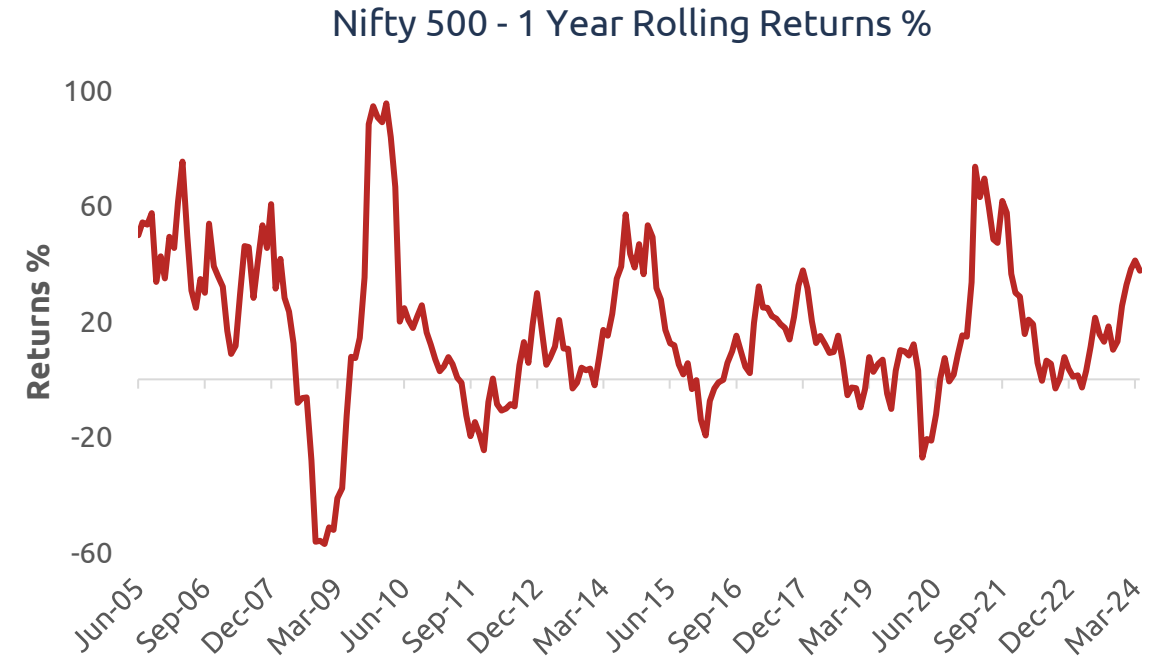
Source: Bloomberg; **Past performance may or may not be sustained in the future and does not guarantee any future returns.**
GDP - Gross Domestic Product, LTA GDP - Long Term Average of GDP for the period shown in the graph above

Phases Of The Economy Also Influence The Cycles Of The Equity Market

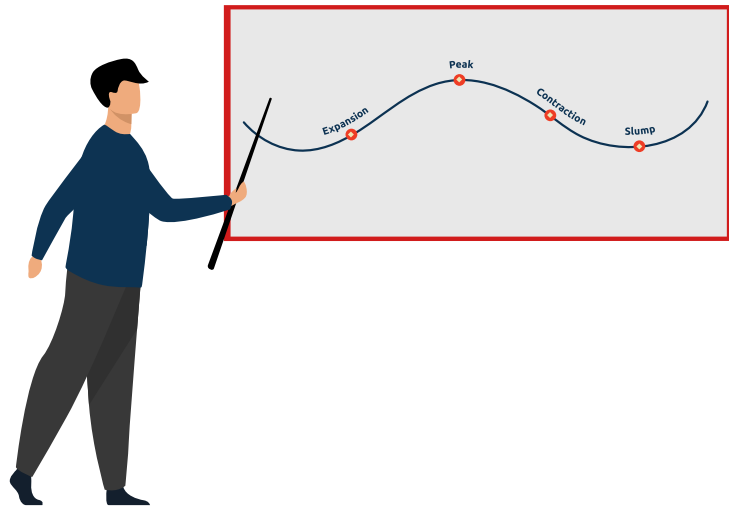
Earnings and valuations are also cyclical



and so are equity market returns



Source: Bloomberg; Yellow highlighted phase is Covid period. **Past performance may or may not be sustained in the future and does not guarantee any future returns.**
 P/E - Price to Earning multiple, EPS Growth - Earnings Per Share Growth in % (TTM - Twelve Trailing Months)



Why choose a Business Cycle Fund?

Each Phase Of The Economic Cycle Unlocks Unique Opportunities

Phase	Economic Activity	Credit Growth	Capacity Utilisation	Capex	Interest Rates	Corporate Earnings	Unemployment	Positive Sectors	Neutral to Negative Sectors
EXPANSION	Rebounding	Begins to grow	Increasing	Rise in government capex	Low	Improving	Declining	<ul style="list-style-type: none"> Financials Consumer Discretionary Real Estate Metals 	<ul style="list-style-type: none"> IT Consumer Staples Pharma Energy
PEAK	Stabilising	Strong	High	Rise in private capex	Rising	Strong	Low	<ul style="list-style-type: none"> Financials Consumer Discretionary Energy Metals 	<ul style="list-style-type: none"> IT Consumer Staples Pharma Real Estate
CONTRACTION	Declining	Declining	Declining	Moderation in private capex	High	Declining	Rising	<ul style="list-style-type: none"> IT Consumer Staples Pharma Utilities 	<ul style="list-style-type: none"> Financials Energy Real Estate Metals
SLUMP	Bottoming out	Bottoming out	Low	No private capex; Rise in government capex	Declining	Bottoming out	High	<ul style="list-style-type: none"> IT Consumer Staples Pharma Utilities 	<ul style="list-style-type: none"> Consumer Discretionary Financials Energy Real estate Metals

Purely an indication and for illustration purposes only. The sectors mentioned are for illustrative purposes only. The above analysis should not be treated as any recommendation. **Past performance may or may not be sustained in the future and does not guarantee any future returns.**

Capex: Capital expenditure

Winners And Losers Vary Across Each Cycle

SECTOR	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	YTD CY24
Auto	34.9%	-19.4%	42.5%	9.4%	56.7%	-0.3%	10.7%	31.4%	-23.1%	-10.7%	11.5%	19.0%	15.3%	47.6%	36.0%
Energy	3.4%	-28.7%	13.8%	0.4%	8.5%	-0.7%	19.7%	38.7%	0.6%	11.0%	6.4%	33.7%	14.3%	29.4%	28.6%
FMCG	30.6%	8.6%	48.5%	12.2%	18.2%	0.3%	2.8%	29.4%	13.6%	-1.3%	13.5%	10.0%	17.5%	29.0%	9.0%
Banks	30.6%	-32.4%	56.5%	-8.7%	64.6%	-9.7%	7.4%	40.5%	6.3%	18.4%	-2.8%	13.5%	21.2%	12.3%	5.0%
Commodities	2.0%	-33.7%	18.6%	-8.6%	16.7%	-9.5%	24.7%	34.7%	-16.1%	0.0%	10.7%	46.8%	6.5%	29.8%	20.1%
IT	28.7%	-18.0%	-1.9%	58.0%	17.8%	0.0%	-7.3%	12.2%	23.8%	8.4%	54.9%	59.6%	-26.0%	24.1%	10.3%
Infrastructure	-4.0%	-38.5%	21.7%	-4.2%	22.7%	-8.9%	-2.1%	34.1%	-12.7%	2.5%	12.2%	35.6%	6.1%	39.1%	25.3%
Metal	0.0%	-47.7%	17.7%	-14.3%	7.0%	-31.3%	45.2%	48.5%	-19.9%	-11.2%	16.2%	69.7%	21.8%	18.7%	14.1%
Pharma	35.3%	-10.0%	31.9%	26.5%	43.4%	9.3%	-14.2%	-6.3%	-7.8%	-9.3%	60.6%	10.1%	-11.4%	33.6%	32.1%
Utilities	-6.3%	-39.9%	10.9%	-14.6%	23.0%	-6.4%	1.5%	19.8%	-16.1%	-3.6%	7.1%	68.8%	25.8%	32.8%	41.9%
Nifty 500 TRI	15.3%	-26.4%	33.3%	3.9%	39.1%	0.0%	4.7%	37.7%	-1.6%	8.6%	17.7%	31.0%	4.3%	26.9%	18.6%

Source: Bloomberg. YTD CY24 is as of 12th August 2024. CY Returns is as of December of every year. The sectors mentioned are for illustrative purposes only. Sector returns shown here are of respective Nifty/BSE indices. The above analysis should not be treated as any recommendation.

Past performance may or may not be sustained in the future and does not guarantee any future returns.

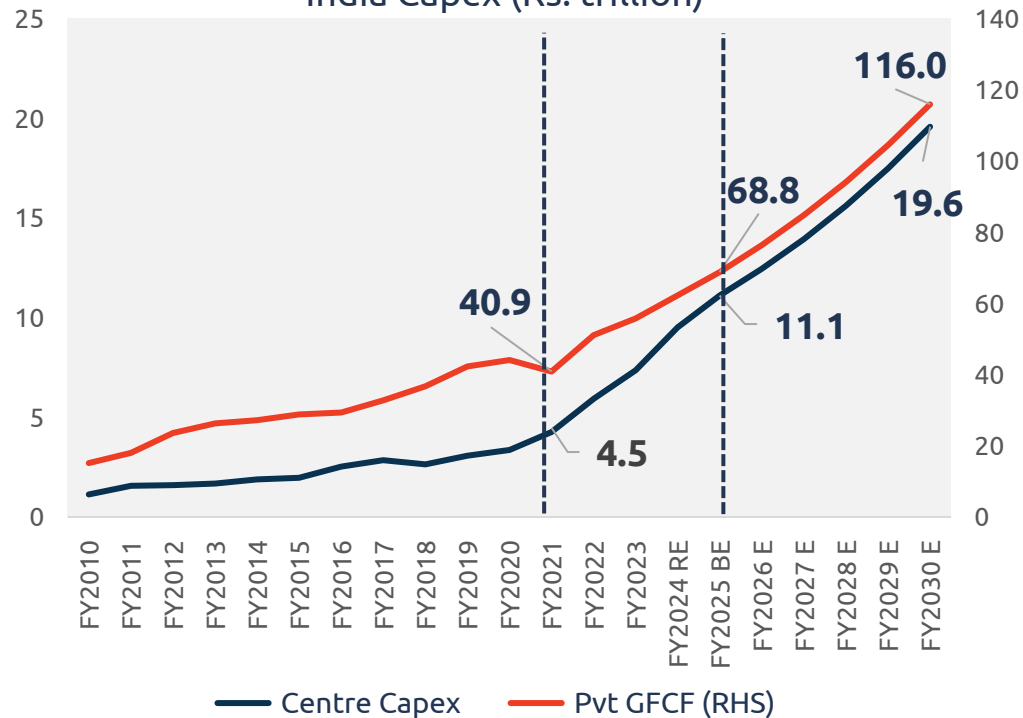


Case I Infrastructure Sector - Growth Driven by Capex

➤ Government and private sector capex can significantly boost returns in the infrastructure sector.

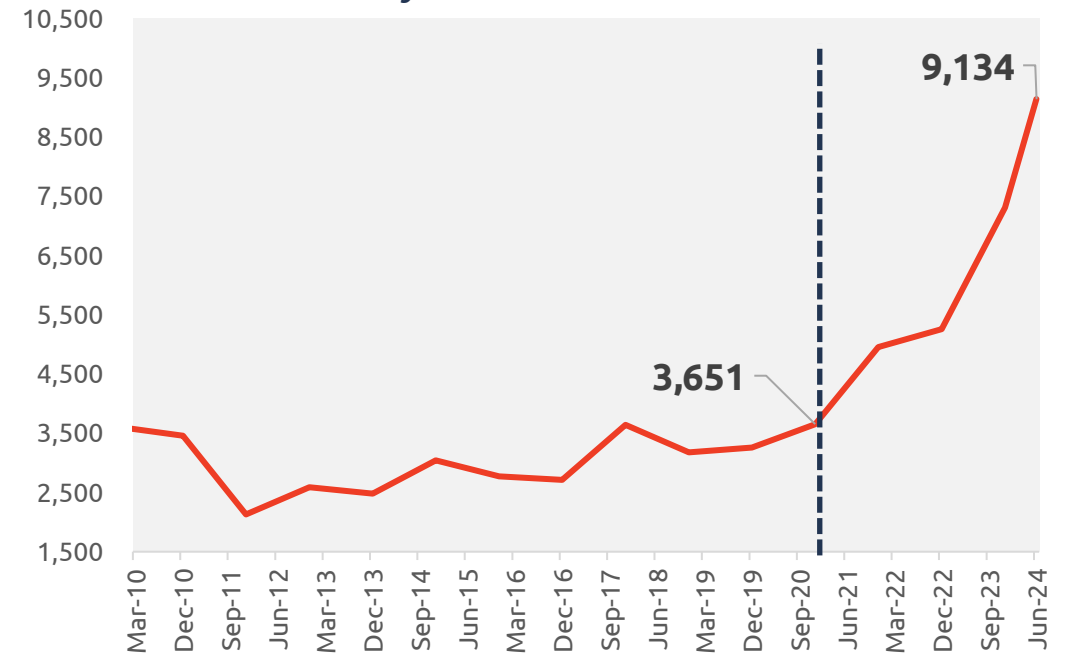
Expansion phase

India Capex (Rs. trillion)



Sector performance

Nifty Infrastructure Index



Source: Union Budget – 2010 – 2024: Centre Capex is government spend and Private Capex is the investment by private companies (GFCF: Gross Fixed Capital Formation). The sectors mentioned are for illustrative purposes only. The above analysis should not be treated as any recommendation. The sectors mentioned here should not be construed as a recommendation from Bandhan Mutual Fund. **Past performance may or may not be sustained in the future and does not guarantee any future returns.** Pvt GFCF: Private Gross Fixed Capital Formation



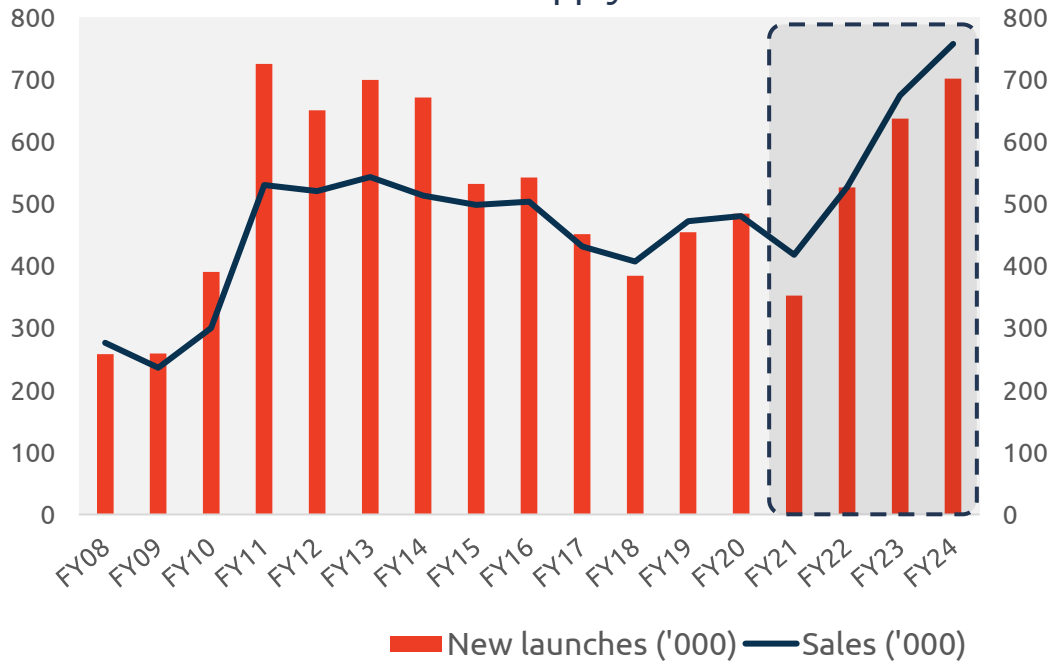
Case II

Real Estate Sector – Supply-Demand Dynamics

➤ Favourable supply-demand dynamics can enhance returns in the real estate sector.

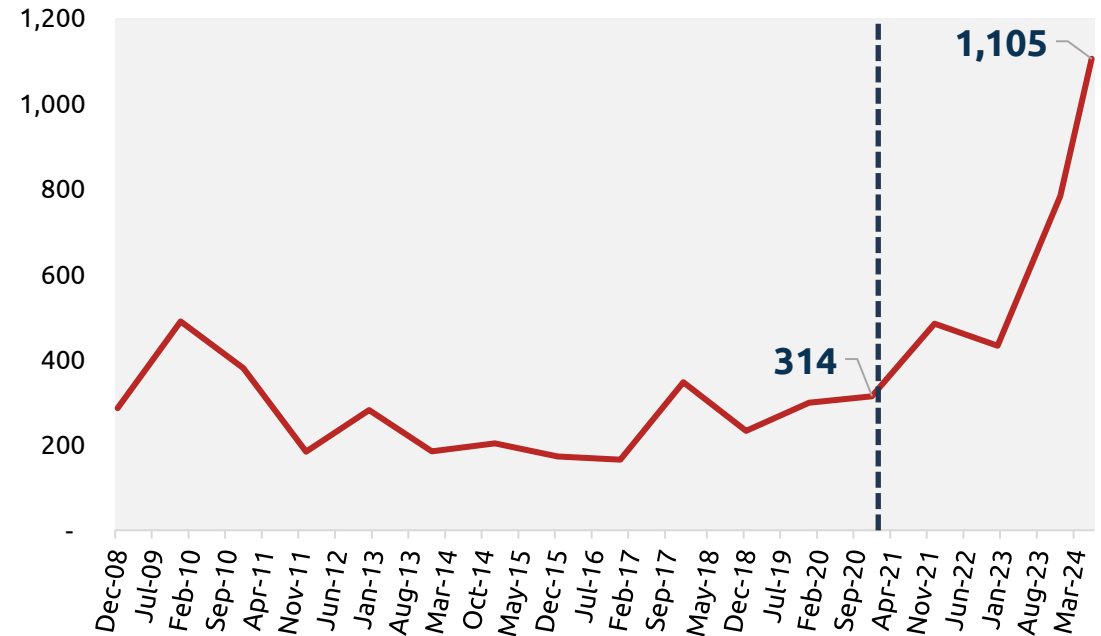
Expansion phase

Favourable demand supply until FY24



Sector performance

Nifty Real Estate Index



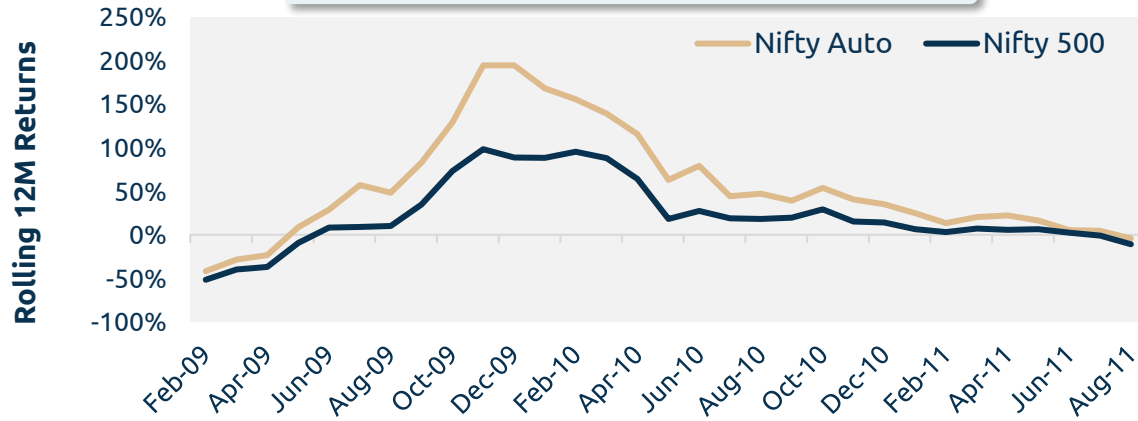
Source: Spark Capital. The sectors mentioned are for illustrative purposes only. **Past performance may or may not be sustained in the future and does not guarantee any future returns.** The sectors mentioned here should not be construed as a recommendation from Bandhan Mutual Fund.



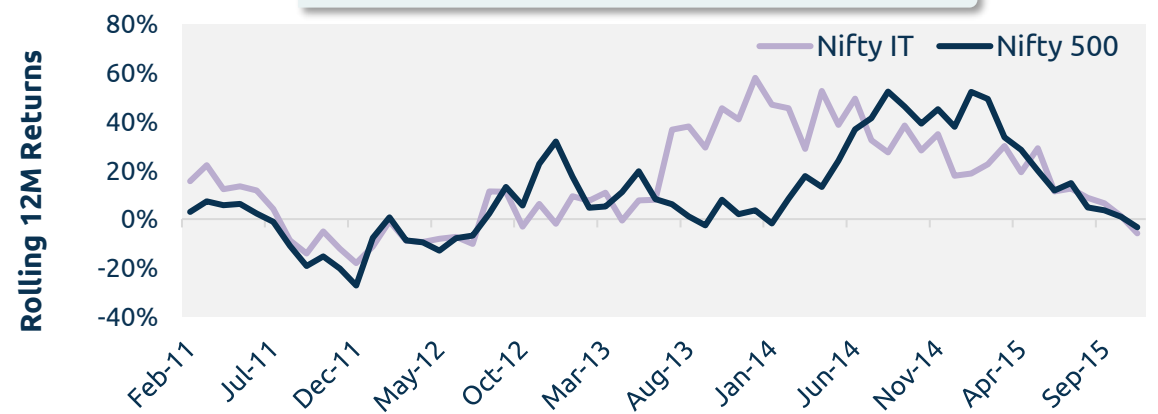
Case III

Sector Returns Across Economic Phases

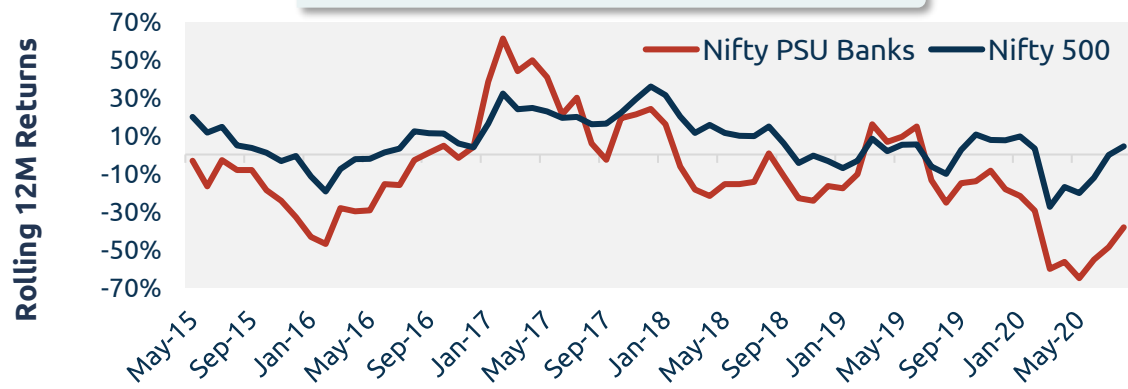
Auto sector - OPF during the expansion phase



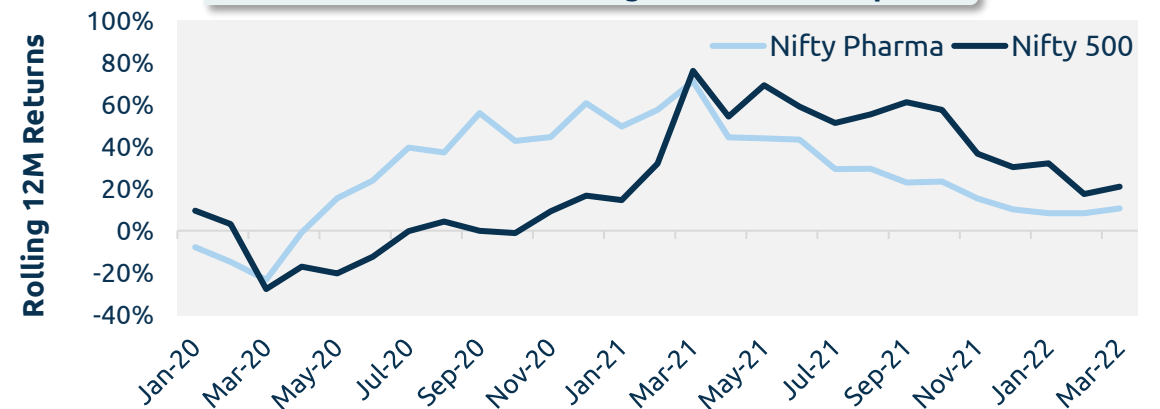
IT sector - OPF during the contraction phase



PSU banks - UPF during the peak phase



Pharma sector - OPF during the contraction phase

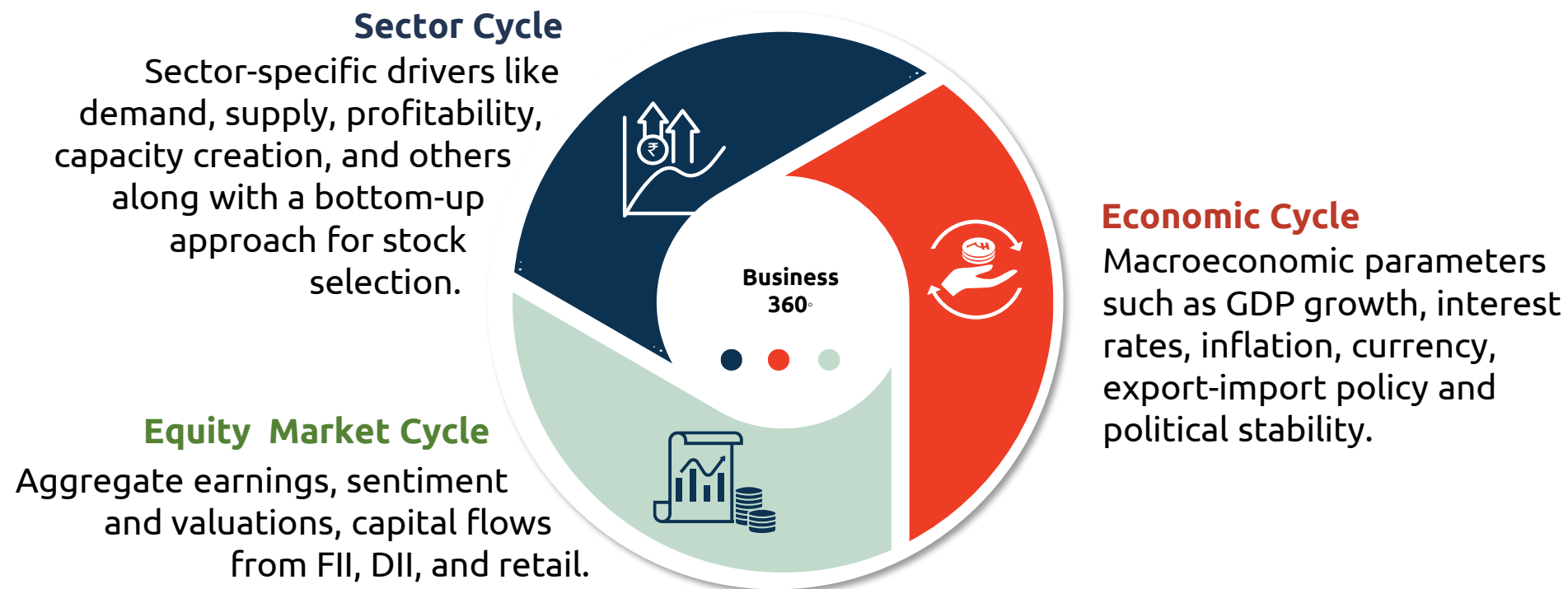


Source: Bloomberg. Sectors mentioned are for illustrative purposes only. **Past performance may or may not be sustained in the future and does not guarantee any future returns.** Sectors/ Stocks mentioned here should not be construed as a recommendation from Bandhan Mutual Fund.
OPF- Outperform, UPF- Underperform



Why invest in Bandhan Business Cycle Fund?

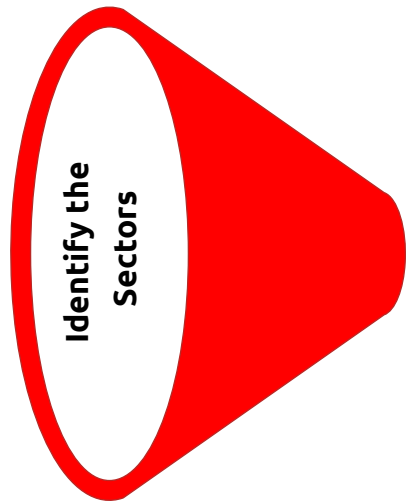
A 360-Degree Investment Approach



Above is a broader approach based on the fund manager's view. However, the overall portfolio would be based on the details mentioned in the SID.
FII- Foreign Institutional Investors, DII- Domestic Institutional Investors

Robust Stock Selection Framework

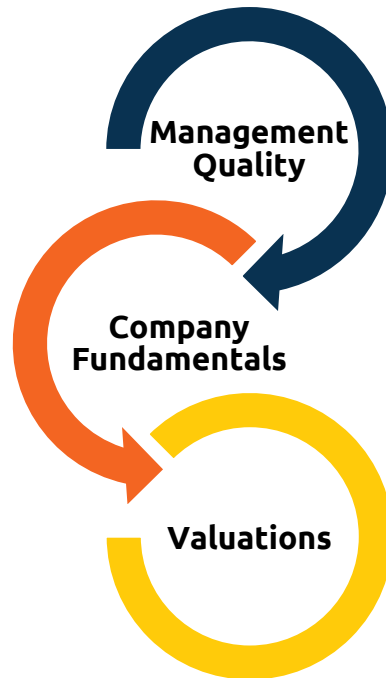
Sector Selection



Top-down approach

+

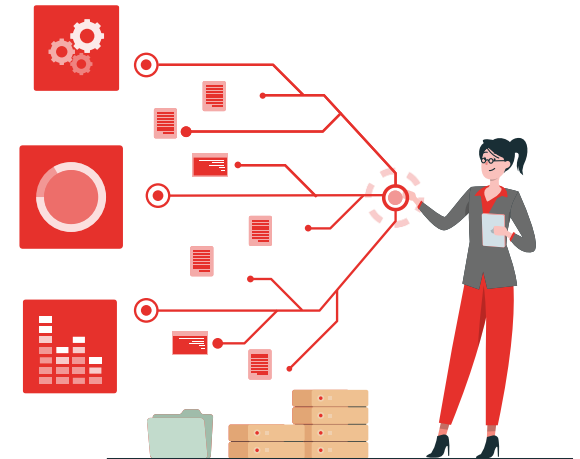
Stock Selection



Bottom-up approach

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Portfolio Creation



Robust approach

Above is a broader approach based on the fund manager view. However, the overall portfolio would be based on the details mentioned in the SID.

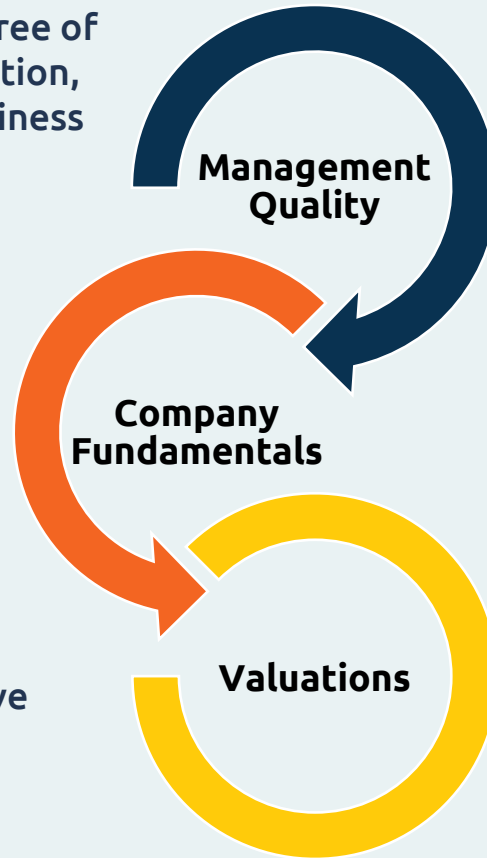
Sector Selection (1.2) - Equity Market Sentiment Indicators

Country	Index Levels	1 Year Return (%)	3 Year Returns (%)	5 Year Returns (%)	P/E – 1 Year Forward	EPS CAGR (CY25/CY23%)	ROE (CY24,%)
India	24,117	22.8	15.7	19.1	20.2	13.2	15.3
United States	16,642	20.0	4.7	16.5	26.8	18.1	15.9
Taiwan	20,870	23.7	10.1	18.7	16	22.1	14.9
United Kingdom	8,145	8.2	8.5	6.4	11.5	3.2	13.9
Hong Kong	16,892	-12.0	-10.0	-5.1	8.0	6.8	10.5
Germany	17,680	12.1	3.9	8.6	12.0	6.5	10.3
Japan	34,831	8.2	9.9	13.3	18.1	11.0	9.2

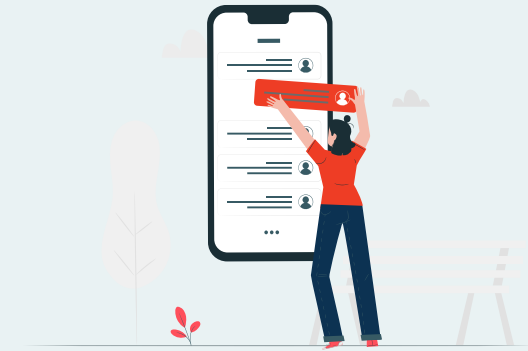
Source: Bloomberg; Data as on 8th Aug'24. For India – Nifty, Japan – Nikkei, Taiwan – TWSE, US – S&P500, Hong Kong – HangSeng, Germany – DAX, UK – FTSE. **Past performance may or may not be sustained in the future and does not guarantee any future returns.** Above is an indicative parameter. 1 year, 3 year and 5 year returns in local currency. P/E: Price to Earnings ratio, EPS: Earnings Per Share, CAGR: Compounded Annual Growth Rate, ROE: Return on Equity

Stock Selection: Bottom-up approach

• Strong corporate governance, pedigree of management, efficient capital allocation, proven track record, sustainable business model, alignment with shareholder interests



• Absolute and relative valuation multiples



Earnings growth and resilience, return ratios like ROE, ROA, ROCE, RONW, etc., structural opportunity for business to earn an optimal Return on Invested Capital (ROIC)

Above is a broader approach based on the fund manager's view. However, the overall portfolio would be based on the details mentioned in the SID.
ROE: Return on Equity, ROA: Return on Assets, ROCE: Return on Capital Employed, RONW: Return on NetWorth

Building the Portfolio: A Strategic Approach

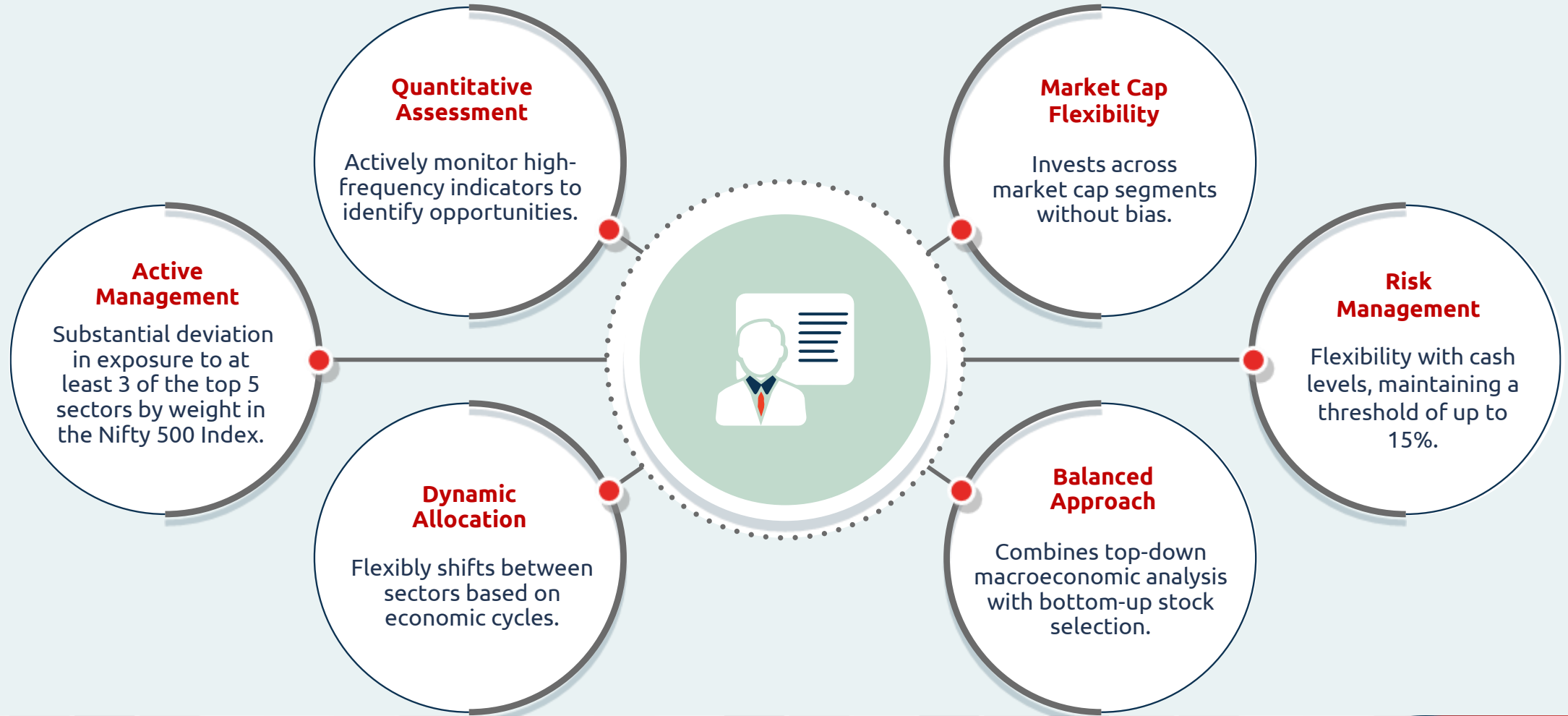
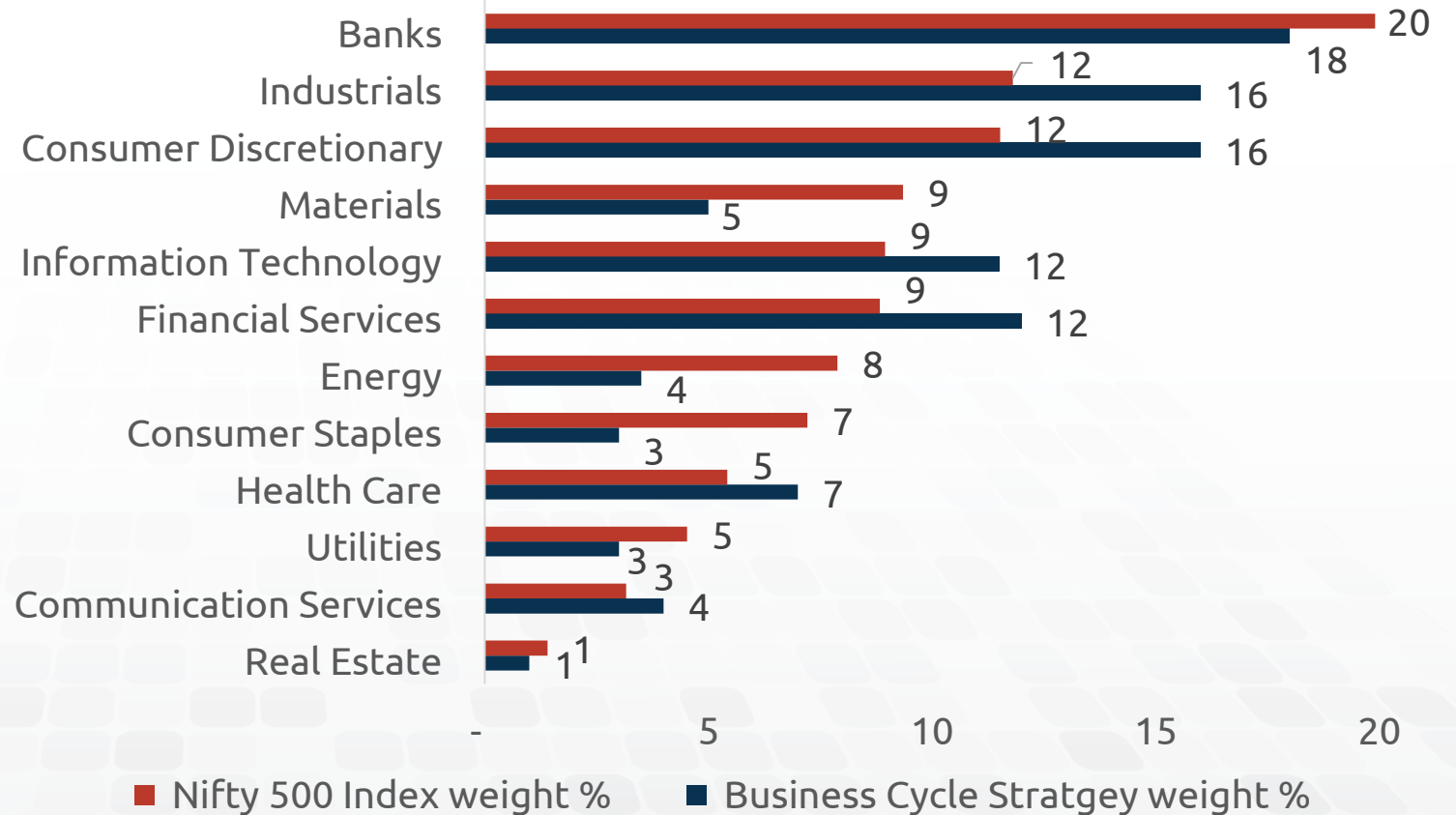


Illustration – Sector Deviation

Top 5 sectors in index by weight (%)	Absolute Deviation	Deviation from Index
Banks	-1.9%	-11%
Industrials	4.2%	26%
Consumer Discretionary	4.5%	28%
Materials	-4.4%	-87%
IT	2.6%	22%

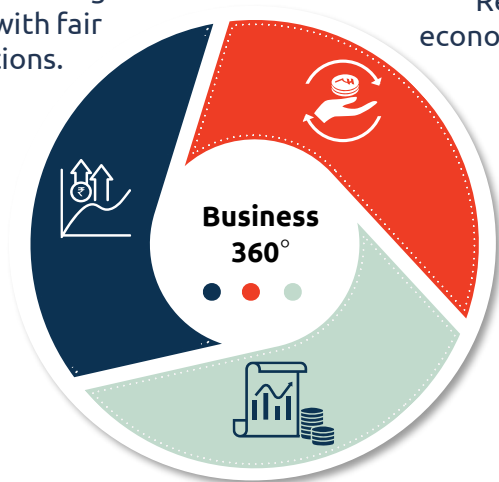


- There may be a deviation of a minimum 25% from the current sector weight of at least 3 of the top 5 sectors by weight in the benchmark, Nifty 500.
- The top 5 sectors currently contribute 62% of the benchmark index weight.

Sector Selection That Played Out: Auto Sector

Equity Market Fundamentals

Improving earnings outlook with fair valuations.



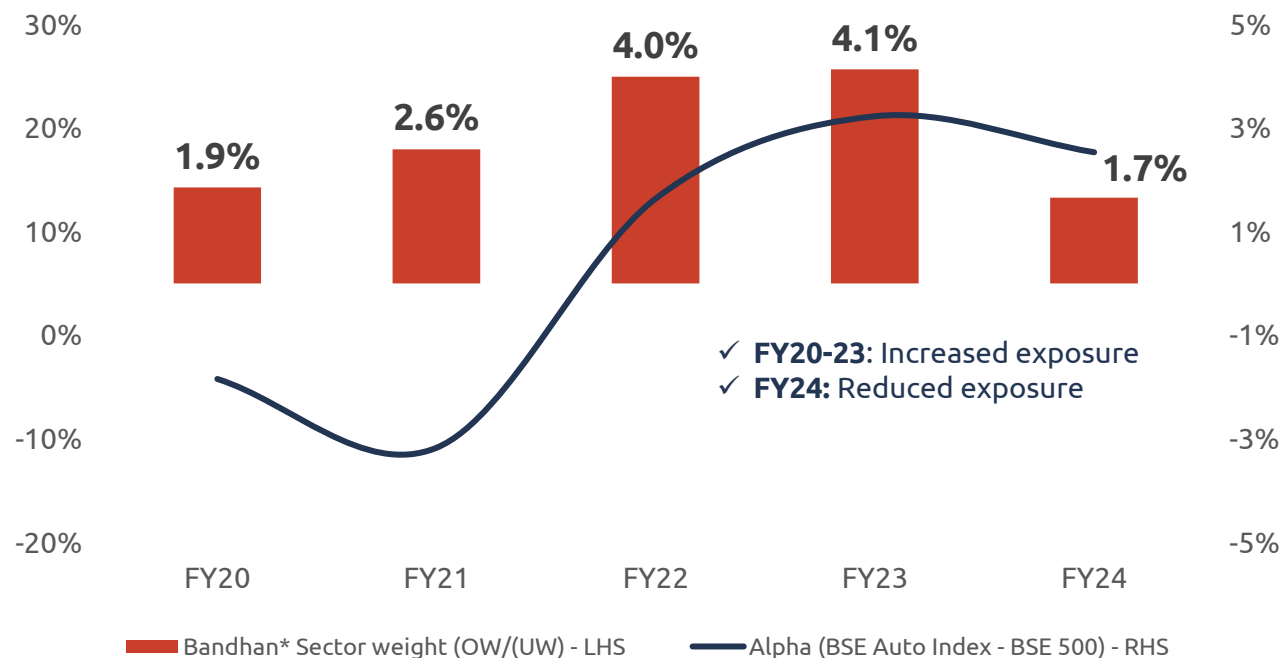
Economic Indicator

Revival in economic activity.

Sector Selection

Volume recovery and improving margins driven by raw material cost benefits.

Dynamic sector allocation

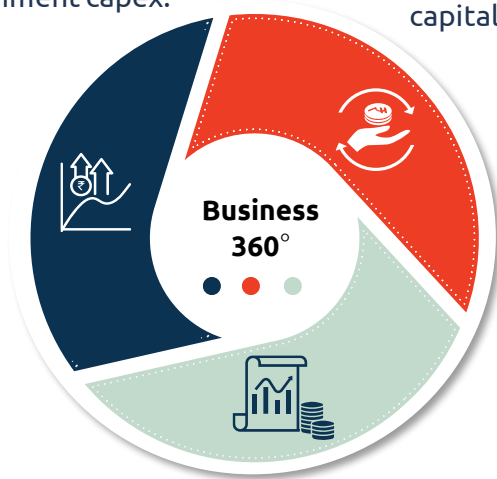


Source: Bloomberg, Data from FY 2020 – FY2024. *Includes exposure of sector across all Bandhan's equity schemes
 Above mentioned data is for illustration purposes for showcasing the 'Auto' sector attribution in the Schemes of Bandhan Mutual Fund.
Past performance may or may not be sustained in the future and does not guarantee any future returns.
 Sectors/ Stocks mentioned here should not be construed as a recommendation from Bandhan Mutual Fund. OW- Overweight, UW- Underweight

Sector Selection That Played Out: Capital Goods

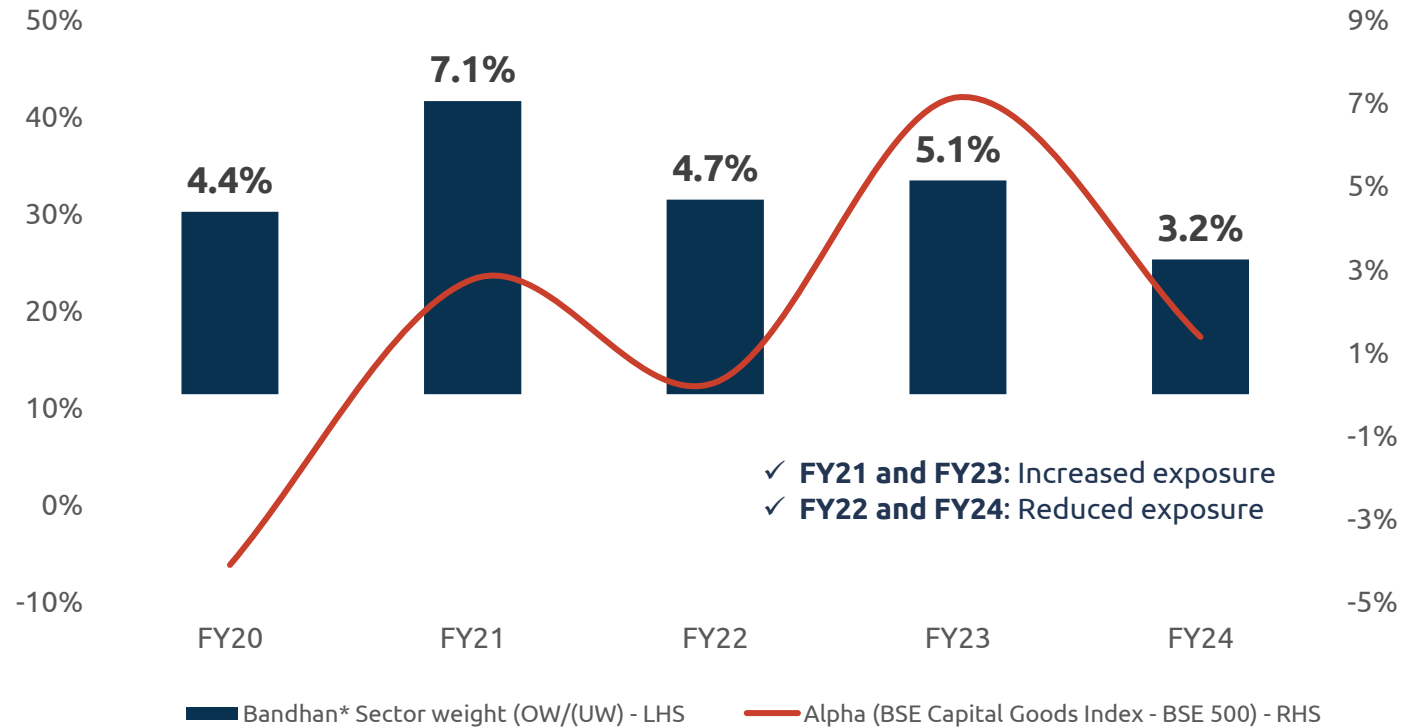
Economic Indicator
Improving macroeconomic conditions and rising government capex.

Equity Market Fundamentals
Strong domestic capital flows.



Sector Selection
Reduced leverage and robust earnings growth recovery.

Dynamic sector allocation



Source: Bloomberg, Data from FY2020 – FY2024. *Includes exposure of sector across all Bandhan’s equity schemes
 Above mentioned data is for illustration purposes for showcasing the ‘Capital Goods’ sector attribution in the Schemes of Bandhan Mutual Fund. .
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Understanding the Risks



About the Fund Managers

Vishal Biraia
Fund Manager



- Over 20 years of experience in the capital market.
- Current Fund Manager for Bandhan Infrastructure Fund and Bandhan Retirement Fund.
- Sector expertise in utilities, materials, industrials and discretionary consumption.
- Previous roles in fund management at Max Life Insurance and Aviva Life Insurance, equity research at B&K Securities and equity sales at Antique Stock Broking.
- Holds a chemical engineering degree from the University of Mumbai.

Ritika Behera
Fund Manager



- 14 years of experience in the capital market.
- Current Fund Manager for Bandhan US Equity Fund of Funds.
- Focuses on fundamental research in the BFSI sector.
- Previous roles at Ocean Dial Asset Management (an Aventus Company), Elara Securities, Batlivala & Karani Securities, Morgan Stanley Advantage Services and CRISIL.
- MBA from ICFAI Business School (IBS), Hyderabad and Bachelor of Accountancy and Finance from the University of Calcutta.

For more details regarding the fund managers, please refer to the SID of the scheme.

Who Should Consider Investing in this Fund?



Those looking to enhance their satellite portfolios for potential alpha generation.



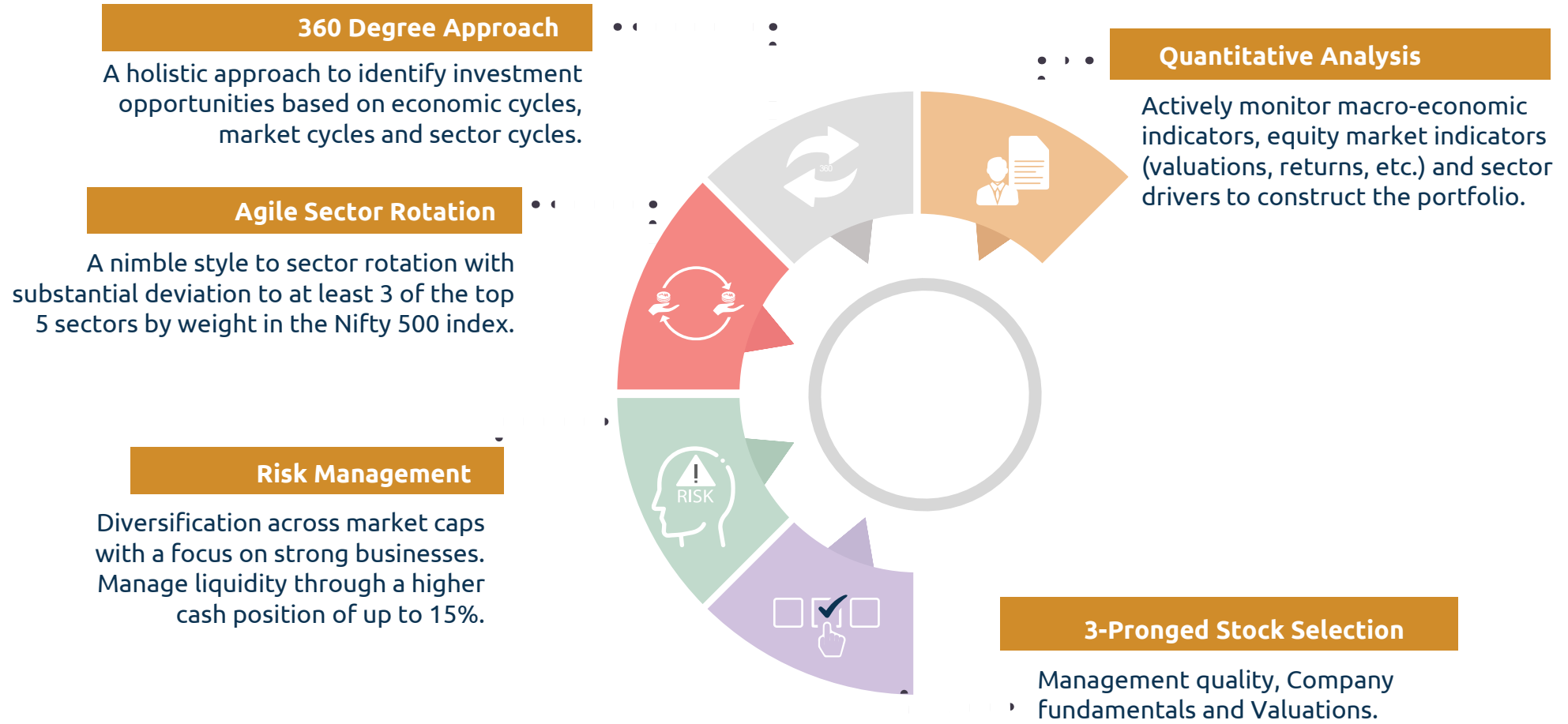
Those with a long-term investment horizon, seeking growth through SIP.



Those comfortable with higher risk in pursuit of higher returns potential.

Past performance may or may not be sustained in the future and does not guarantee future returns.

Key Takeaway



Bandhan Business Cycle Fund offers a dynamic approach to sector rotation, driven by economic trends, market indicators and sector cycles.

Fund details

Type of Scheme

An open-ended equity scheme following a business cycle-based investing theme.

Investment objective

The scheme seeks to generate long-term capital appreciation by investing predominantly in equity and equity-related instruments with a focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy.

Asset Allocation

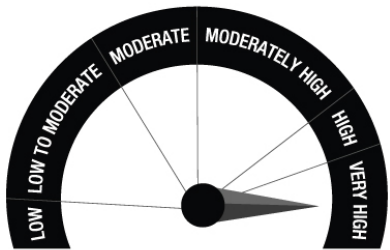
Instruments	Indicative Allocation (% of total assets)		Risk Profile
	Min.	Max.	
Equity & equity related instruments selected based on the business cycle	80%	100%	Very high
Equities & equity related overseas securities*	0%	20%	Very high
Debt Securities and Money Market Instruments (including Government securities, Securitised debt)	0%	20%	Low to Moderate
Units issued by REITs & InvITs	0%	10%	Very High

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
Minimum Investment Limit	<p>Lumpsum purchase - Rs. 1000/- and in multiples of Re. 1/- thereafter Additional purchase – Rs. 1000/- and any amount thereafter;</p> <p>Repurchase/Redemption - Rs. 500/- or the account balance of the investor, whichever is less</p> <p>SIP - Rs. 100/- and in multiples of Re. 1 thereafter [Minimum 6 installments]</p> <p>SWP - Rs. 200/- and any amount thereafter; STP - Rs. 500/- and any amount thereafter</p>
Fund Managers	<p>Mr. Vishal Biraia & Ms. Ritika Behera (equity portion)</p> <p>Mr. Harshal Joshi (debt portion)</p> <p>Ms. Ritika Behera & Mr. Gaurav Satra (overseas equity portion)</p>

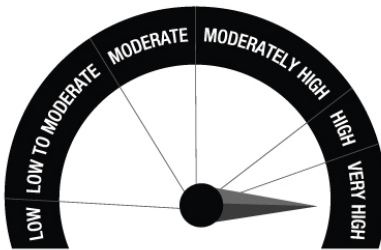
Product Label

Benchmark Riskometer



Nifty 500 TRI

Scheme Riskometer



Investors understand that their principal will be at Very High risk

Bandhan Business Cycle Fund

(An open ended equity scheme following a business cycle based investing theme)

This product is suitable for investors who are seeking*:


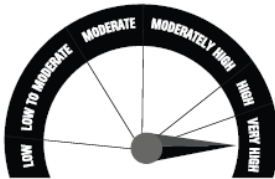
- To create wealth over a long term.
- Investment predominantly in equity and equity related instruments of companies following business cycle based investment theme.

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

Product Label

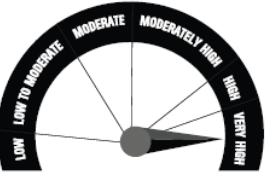

Bandhan Infrastructure Fund

An open-ended equity scheme investing in Infrastructure sector

This product is suitable for investors who are seeking*	Scheme risk-o-meter	Benchmark risk-o-meter
<ul style="list-style-type: none"> To create wealth over long term. Investment predominantly in equity and equity related instruments of companies that are participating in and benefiting from growth in Indian infrastructure and infrastructural related activities. <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>BSE India Infrastructure TRI</p>

Bandhan Retirement Fund

An open-ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier)

This product is suitable for investors who are seeking*	Scheme risk-o-meter	Benchmark risk-o-meter
<ul style="list-style-type: none"> Capital appreciation and income generation over long term. A hybrid scheme with investment in equity and equity related instruments as well as debt and money market instruments. <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>CRISIL Hybrid 50+50 - Moderate Index</p>

Disclaimer

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

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Glossary

- **Business Cycle** is the recurring pattern of economic expansion, peak, contraction, and slump that the economy experiences over time.
- **Expansion:** A period of economic growth with rising employment and spending.
- **Peak:** The economy at its strongest, with maximum business growth.
- **Contraction:** A period of declining economic growth, rising unemployment, and reduced spending.
- **Slump:** The economy's lowest point, where slow recovery begins.
- **Gross Domestic Product (GDP):** The total value of all goods and services produced within a country in a specific period.
- **Private Gross Fixed Capital Formation (Private GFCF):** The total amount businesses spend on long-term assets like buildings, machinery, and equipment to produce goods and services.
- **Active Share:** The difference between a portfolio's holdings compared to the benchmark index.