

# You can't imagine a world without **technology**.

**What about your portfolio?**

Presenting  
**Invesco India  
Technology Fund**

(An open ended equity scheme investing in technology and technology related sectors)

**NFO Period:  
3 - 17 September, 2024**

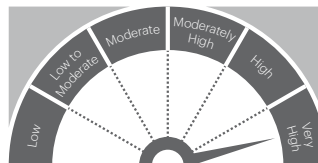
**This product is suitable for investors who are seeking\*:**

- Capital appreciation over long term
- Investments predominantly in equity and equity-related instruments of companies engaged in the technology and technology related sectors

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

Note: The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

**SCHEME RISKMETER**



Investors understand that their principal will be at Very High Risk

**BENCHMARK RISKMETER**



Benchmark riskometer is at Very High Risk

As per AMFI Tier 1 Benchmark i.e. **Nifty IT TRI**

## Embracing a Tech-Driven World

The adoption of technology is no longer limited to a specific demographic; it spans across generations, fundamentally altering the way we live and work

Gen Alpha



Gen Z



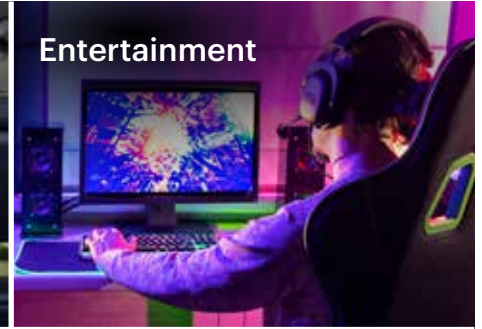
Millennials



Baby Boomers



## A world driven by Technology

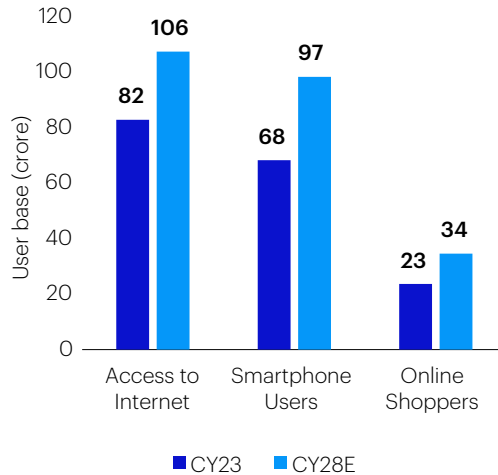




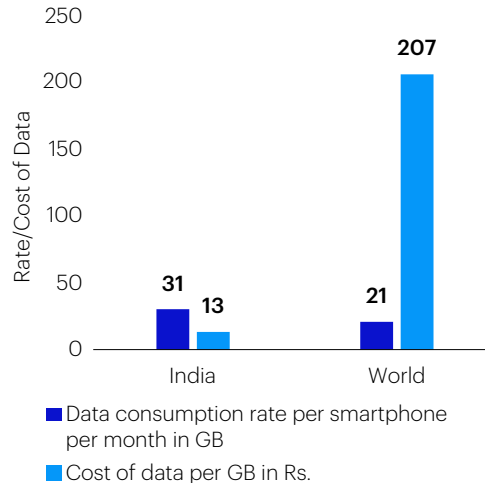
**Expanding opportunity  
set amidst increased  
internet penetration and  
new growth engines**

# High internet penetration driven by low cost of data is propelling digital consumption in India

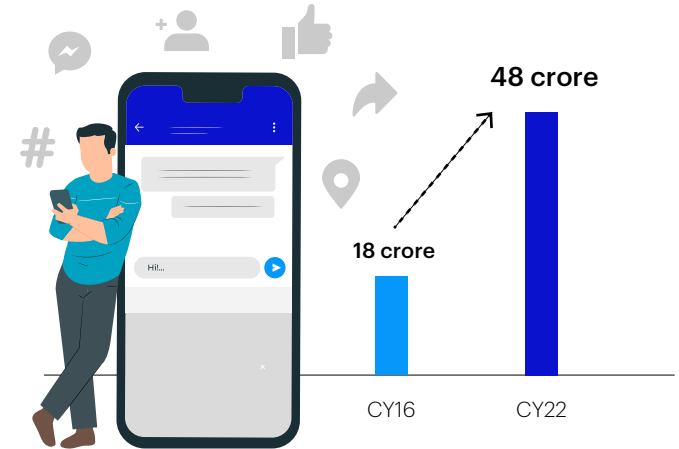
Expanding user base (in crore)



High data usage at low cost (CY23)






Rapid growth in social media users



Source - Redseer research. GB - Gigabyte, E - Estimates

**Disclaimer:** The information provided herein may include statements/data of future expectations that are based on current views and assumptions and involves known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied

## However, internet penetration is still low compared to China and indicates potential for further growth

CY23	India	China
 Access to Internet	58%	75%
 Smartphone Users	47%	73%
 Online Shoppers	17%	60%

## New age tech companies benefiting from deepening consumer base

### Households (in Mn) based on income level (CY23)

#### Low income

(< Rs. 2,25,000 per year)



#### Emerging

(Rs. 2,25,000 to Rs. 5,85,00 per year)

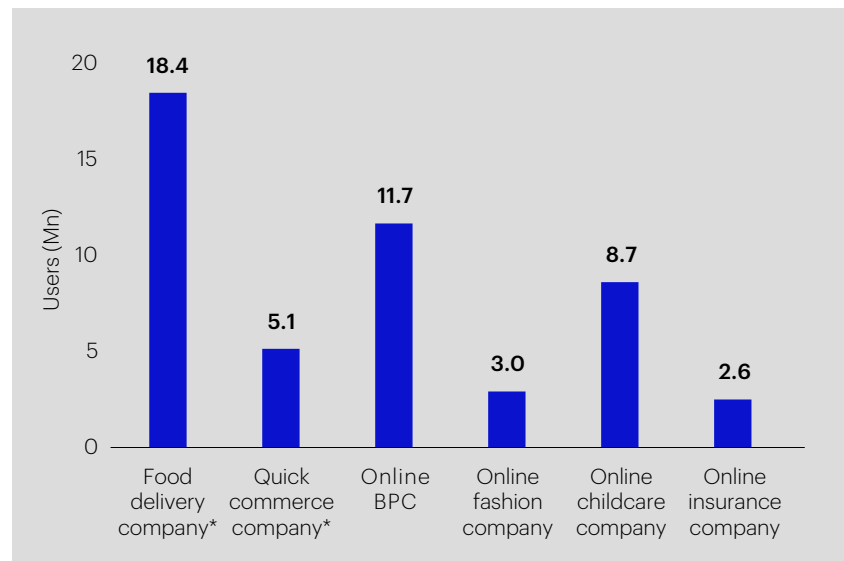


#### Mature

(> Rs. 5,85,000 per year)



### Unique users for FY24 (Mn)



\*For food delivery and quick commerce, the data shown is for monthly transacting users and for rest annual unique users are shown.

BPC- Beauty and personal care. Source: Redseer research, Company data

**Disclaimer:** The companies operating in the above segment referred are for illustration purpose only. The Scheme may or may not have any present or future positions in companies operating in the above segment. It should not be construed as recommendations, advice to buy, sell or transact in any manner in these companies neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund.

## Increasing use of technology has enhanced efficiencies in financial sector and widened its ambit

### Use of technology in financial sector: India Stack a key enabler



#### Identity layer

Giving every resident a unique ID and enabling them to prove “I Am who I claim to be”

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Offshoot

- Aadhaar
- eKYC
- eSign



#### Payments layer

Allowing anyone to pay anyone else! Interoperable, fast and cheap – not just smart phone

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Offshoot

- Unified Payments Interface (UPI)
- Aadhar Payments Bridge
- Aadhar Enabled Payment Services



#### Data layer

To enable secure sharing of data

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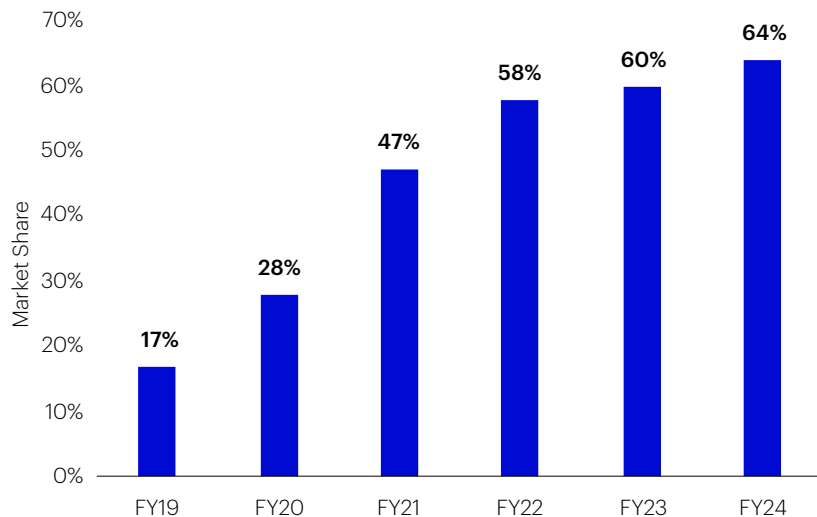
Offshoot

- DigiLocker
- Account Aggregator

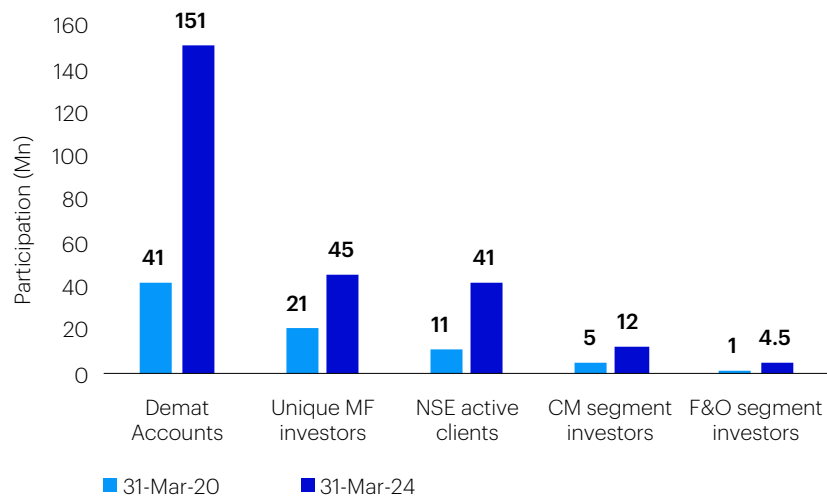


## Digitalization also leading to increased participation in equities through discount brokers/fintech platforms

**Rising share of discount brokers (NSE Active clients - Market share (%))**

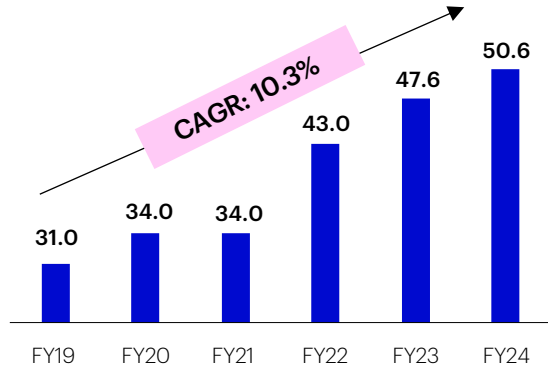


**Digitalization is accelerating participation in equities (Mn)**

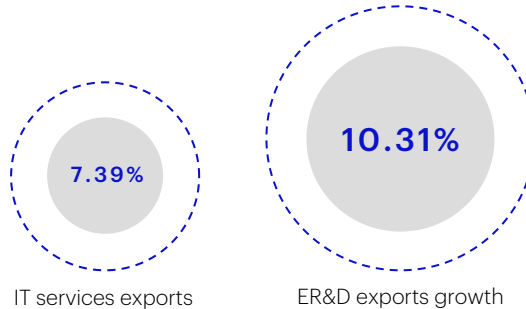


# Engineering Research and Development - A new growth engine to spur business growth going ahead

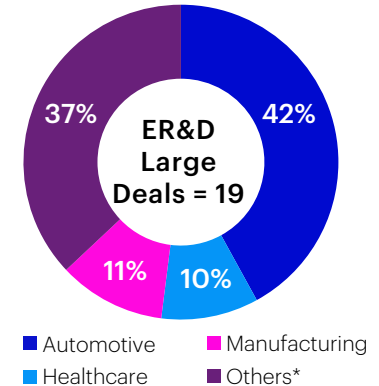
**Engineering Research and Development (ER&D) exports - Fast growing segment**  
(\$ Bn)



**ER&D export growth surpassing IT services export growth rate**  
5 year CAGR for FY24



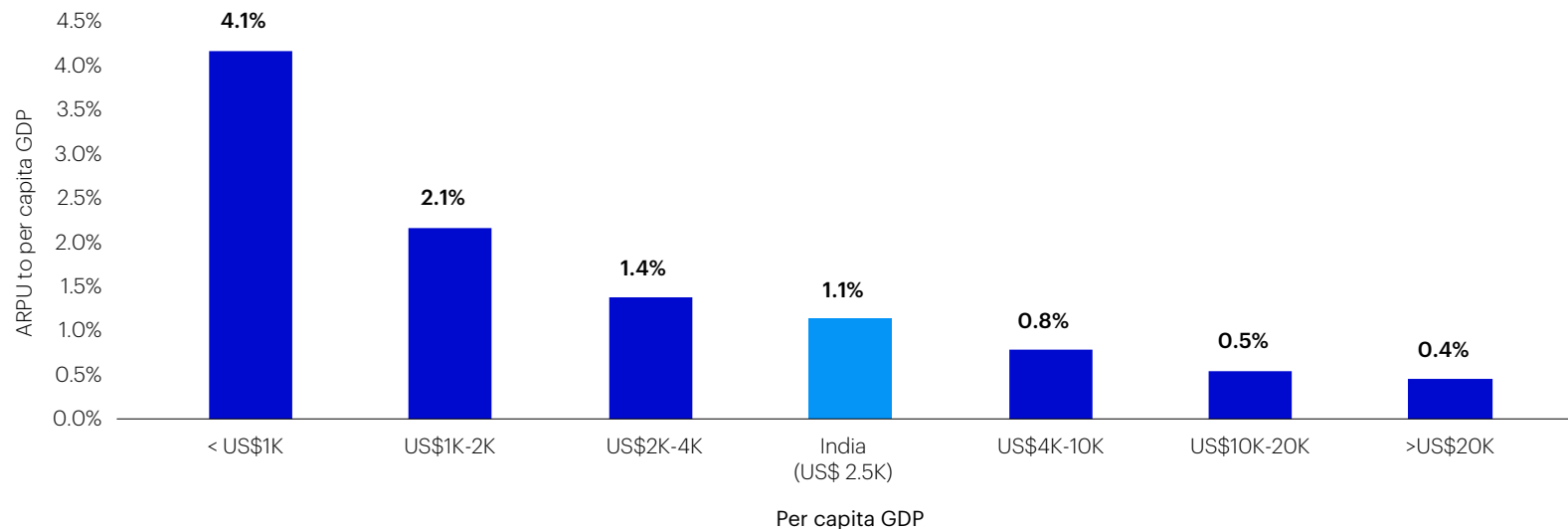
**9M FY2024 Large Deals up ~2X since FY2023**



CAGR – Compounded Annual Growth Rate. Source: NASSCOM, Gartner. \*Others include IT services, marketing, media, supply chain, utilities, and edtech.  
**Past performance may or may not be sustained in future.**

## Telecom industry is benefiting from market consolidation and increasing tariffs

Average revenue per user (ARPU) to per capita GDP for India is relatively lower providing scope for tariffs to go up (CY2023)



GDP – Gross Domestic Product. Source: Company Financials, World Bank

## Supportive Government Initiatives

### Initiatives



### Government spends on technology

Amount	Initiatives
\$11.8 Bn	Spent on technology by Indian government organizations and public sector enterprises
\$4-5 Bn	Spent on cloud by Indian government organizations and public sector enterprises
\$3-4 Bn	ONDC, AI & other new age tech spends by Central and State Government organisations
\$2-3 Bn	Public sector enterprises for India Stack, ONDC, Blockchain, AI/ML, Digital Apps
\$9.16 Bn	PLI in Semiconductor & Display Ecosystem
\$0.88 Bn	PLI in IT Hardware

PLI - Production Linked Incentive Scheme, ONDC - Open Network for Digital Commerce, AI - Artificial Intelligence, ML - Machine Learning

Source: NASSCOM, InvestIndia, Morgan Stanley

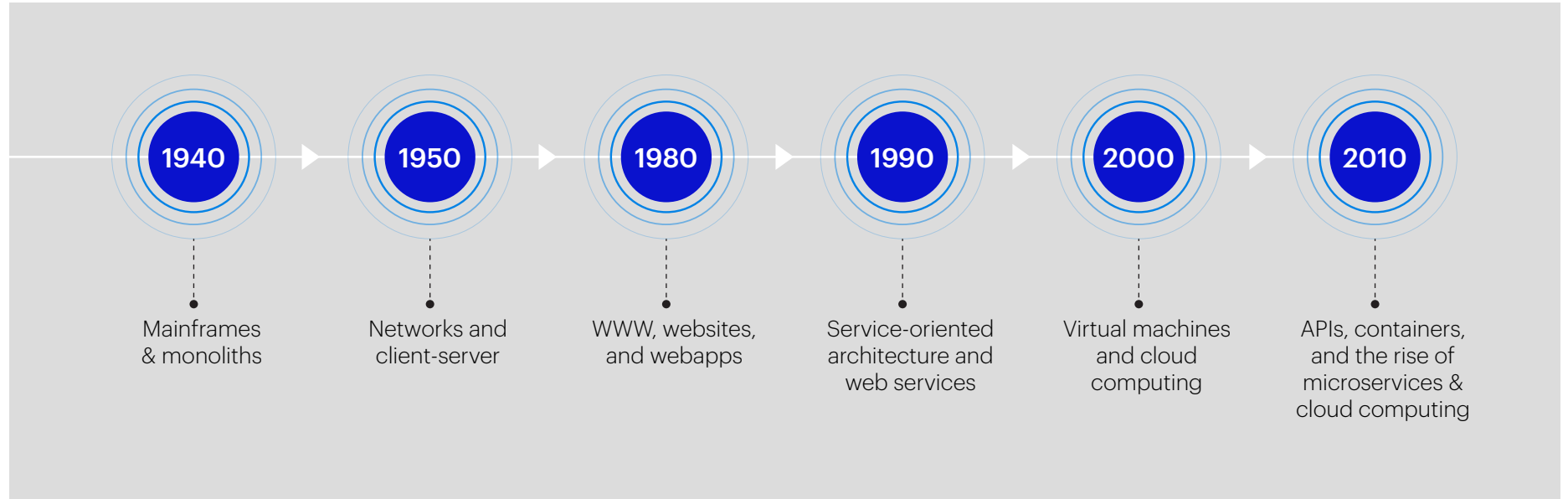
**Disclaimer:** The initiatives mentioned above are some of the government initiatives related to technology sector and it is not an exhaustive list.

**Conventional IT services continue  
to benefit from  
technological advancements**



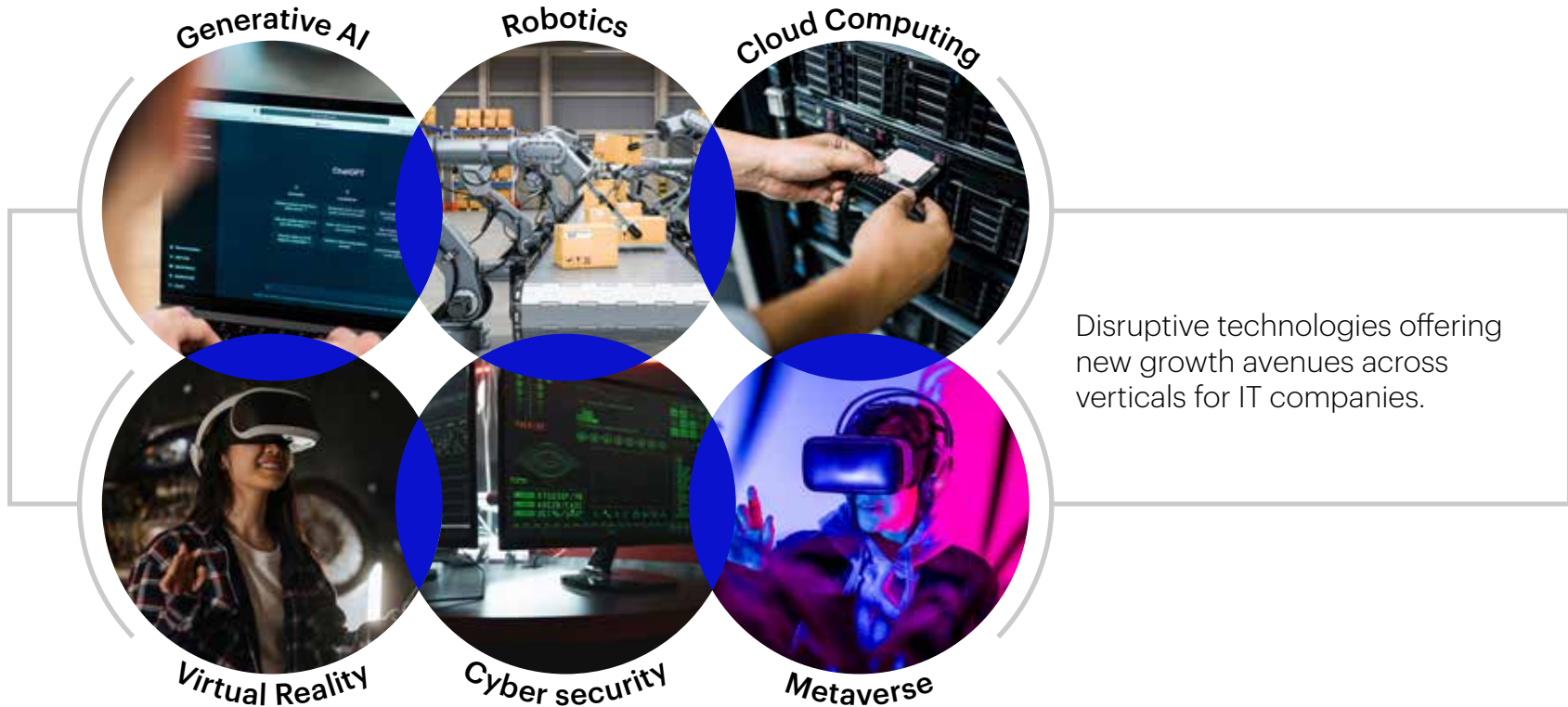
## Technological landscape has rapidly evolved...

IT services facilitates disruption



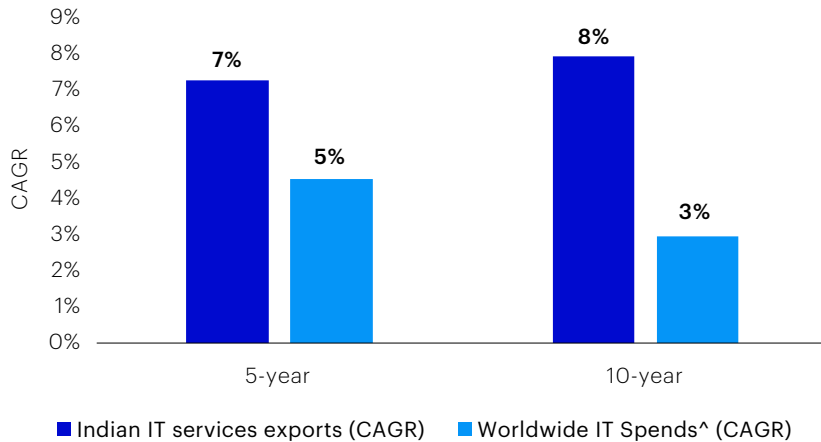


... and now emergence of new technologies are creating opportunities

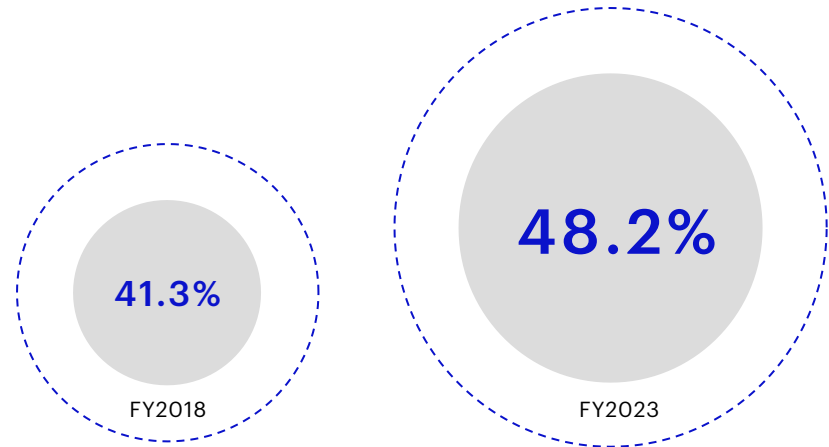


## IT services export continue to gain market share

### Indian IT services exports outpacing world IT spends (FY 2024)



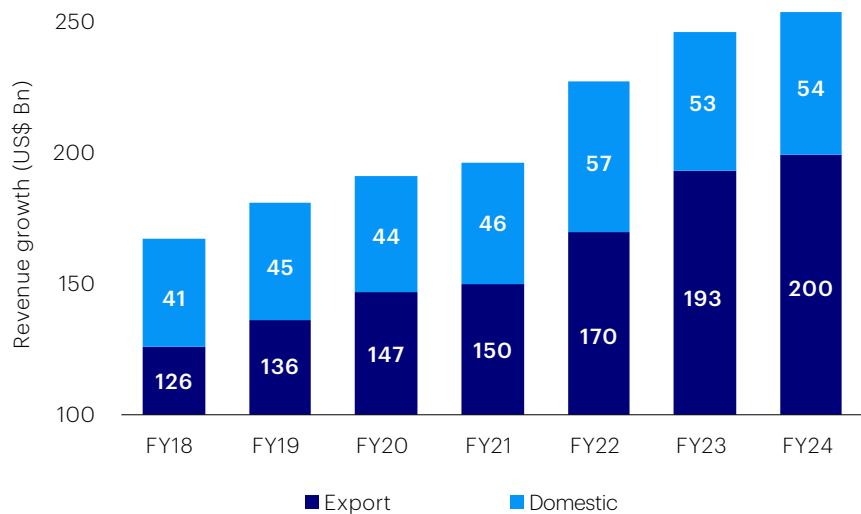
### IT as % of service exports



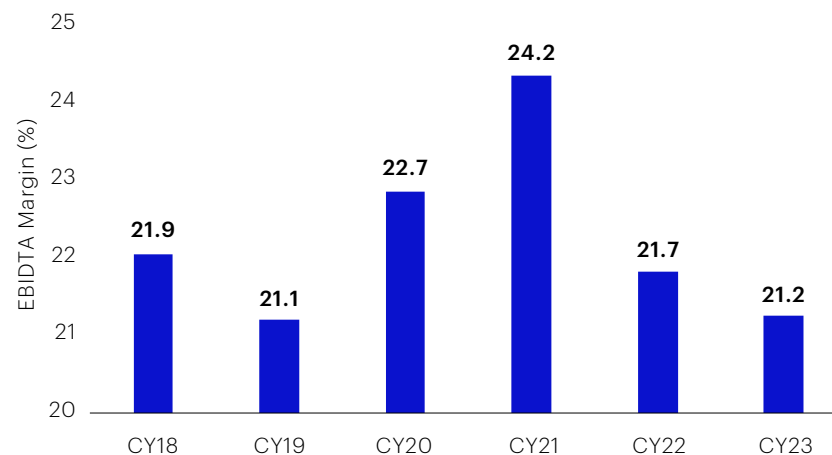
^Worldwide IT spends excludes hyperscaler revenue. CAGR – Compounded Annual Growth Rate.  
Source: LHS – Gartner, Nasscom, RHS – World Bank  
**Past performance may or may not be sustained in future.**

## Backed by stable revenue growth and margins

### Revenue growth of IT-BPM sector (US\$ Bn)



### EBITDA margins have normalized post covid (%)



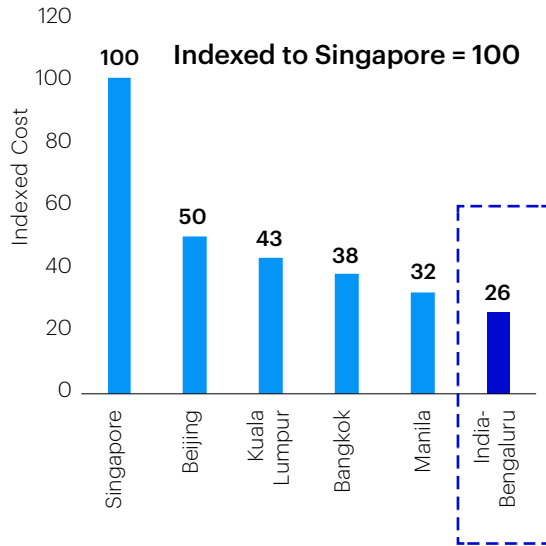
IT – Information Technology, BPM – Business Process Management, EBITDA - Earnings before interest, taxes, depreciation, and amortization, FY- Financial Year, CY – Calendar Year. EBITDA margin is for Nifty IT index  
 Source: LHS - IBEF, Nasscom RHS -Bloomberg

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

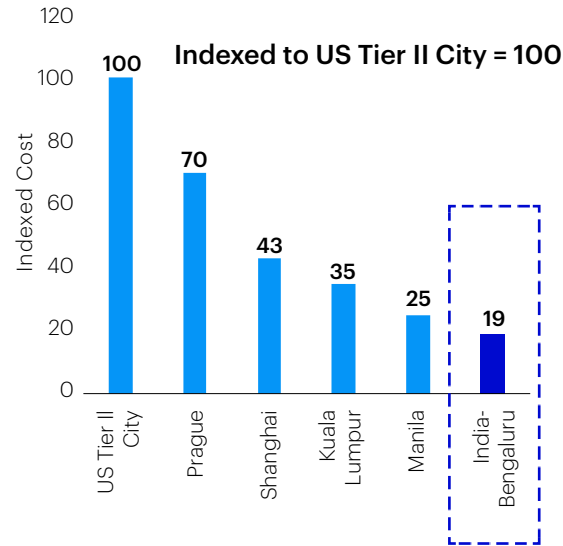
**Disclaimer:** The above chart is for illustration purpose only and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party or construed as a promise on minimum returns and safeguard of capital. Invesco Asset Management (India) Pvt. Ltd./Invesco Mutual Fund is not guaranteeing or promising or forecasting any returns.

## Low outsourcing cost remains a competitive edge

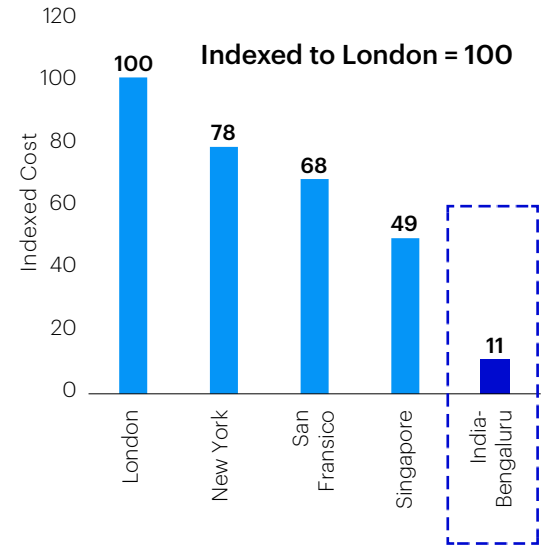
**Operating Cost per FTE for IT-ADM Services, 2023**



**Operating Cost per FTE for BPM-F&A Services, 2023**



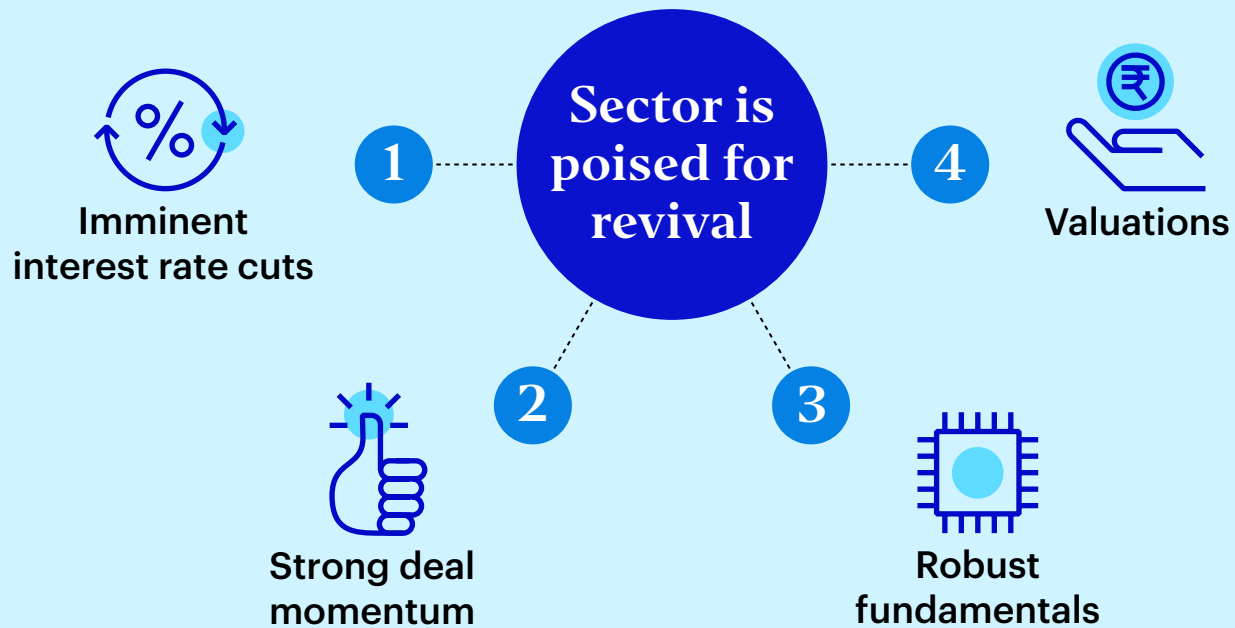
**Average Office Rent, 2023**



Source: NASSCOM. ADM – Application Data Management, FTE – Full Time Equivalent, BPM – Business Process Management, F&A – Finance & Accounting.

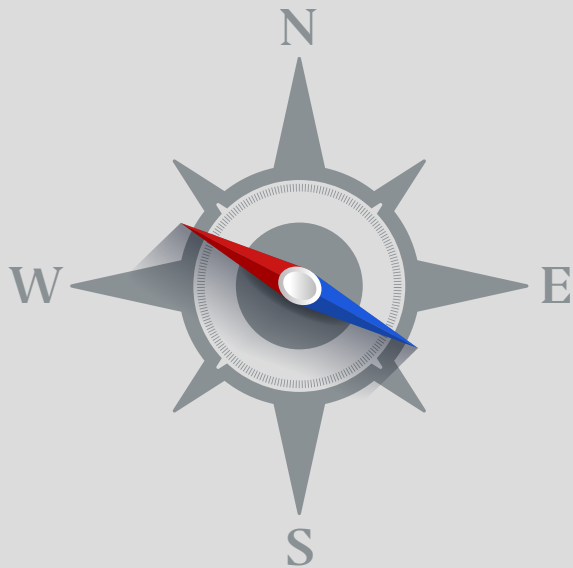
## Technology is reshaping the businesses across sectors

Segment	Function	Use case	Outcome / Impact
Banking	Operations	Banks are increasingly adopting private large language model (LLM) solutions.	Move to streamline operations, reduce costs and deliver more relevant and efficient services to their customers
Manufacturing	Production processes	An Indian MNC has deployed AR and VR technologies for building information modeling (BIM), allowing engineers and construction workers to visualize and interact with 3D models in real world environments.	Optimizes project outcomes, reduces errors, and enhances cost-effectiveness in construction processes.
Retail	Customer experience	<p>A leading global IT services company has developed virtual showrooms that allow retailers to showcase products and engage with customers virtually.</p> <p>A leading Indian hypermarket chain has integrated AR technology into its catalog app, offering customers an interactive shopping experience.</p>	Enhances customer engagement, leading to increased brand loyalty and higher sales conversion rates.
Hospitality	Guest engagement	India's largest hospitality chain implemented virtual hotel tours using spatial computing technology.	Virtual experience enhances transparency and trust, leading to increased bookings and customer satisfaction.
Agriculture	Monitoring crop health and yield	An agri-tech start-up, harnesses GenAI to empower farmers and agribusinesses with data-driven insights and solutions.	Provides actionable recommendations to farmers regarding irrigation scheduling, fertilizer application, and pest management, thereby improving crop yields, reducing input costs.
Human Resources	Talent acquisition and employee engagement	HR companies are using GenAI to streamline HR processes such as candidate screening, talent acquisition, employee engagement, and training.	GenAI is facilitating automation and optimisation of various HR tasks, resulting in improved productivity and cost savings for companies.





## Navigating Near-Term Challenges with Long-Term Potential



Despite two challenging years, the IT industry is poised for a revival, supported by an improving global economic environment and the prospect of a more favorable interest rate climate

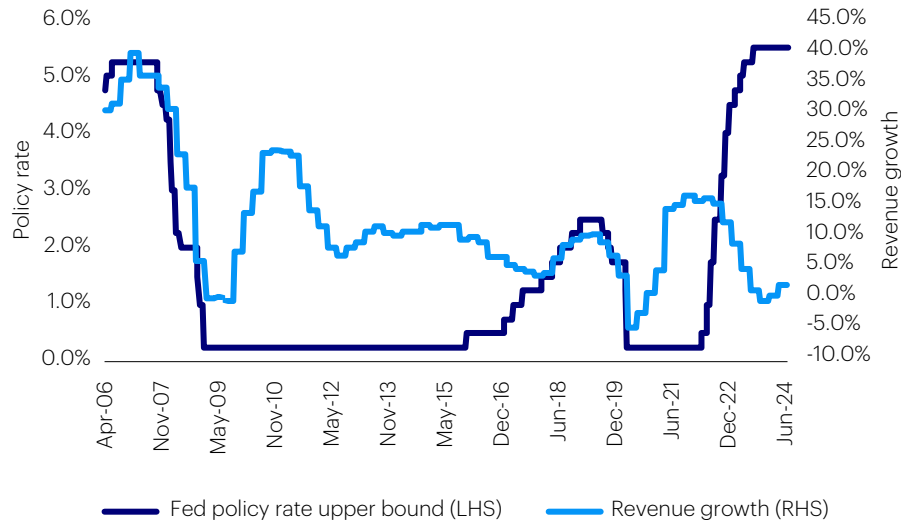
An early exposure to the IT sector presents a unique opportunity to capitalize on potential earnings upgrades

The sector is supported by improving revenue growth, strong deal momentum, high return ratios, healthy cashflows and superior payouts

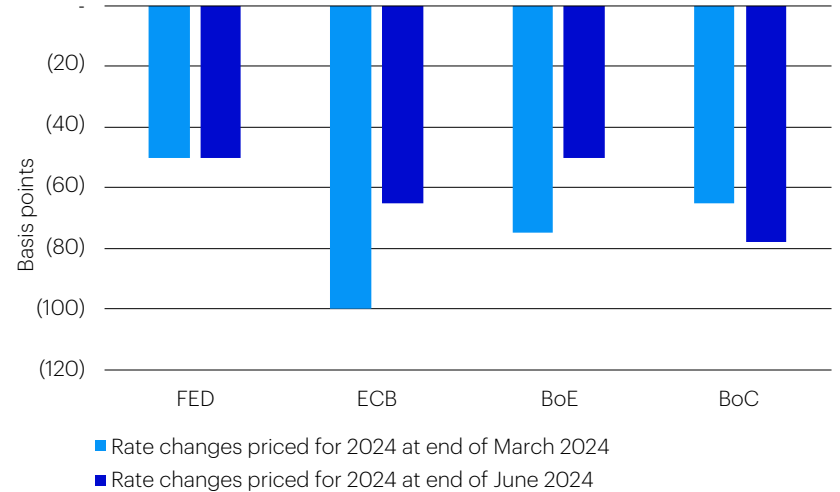
# Indicators of a rebound

## Potential interest rate cuts to improve business sentiment

### Interest rate at its peak and revenue growth at its trough



### Market pricing of policy rate changes - change in bps



FED: US Federal Reserve, ECB: European Central Bank, BoE: Bank of England, BoC: Bank of Canada, Bps – Basis points

Note – Revenue growth on a constant currency basis or USD if constant currency not available, aggregate for top 4 India IT companies.

Source: LHS - Bloomberg, Company reporting. RHS - Bloomberg.

**Disclaimer: Past performance may or may not be sustained in future.** The above chart showing the view on interest rate is based on current scenario and is subject to change from time to time based on market conditions and parameters. The views mentioned above are for the purpose of explaining few select parameters which might impact interest rate movement and should not be construed as an investment advice. The information alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy.

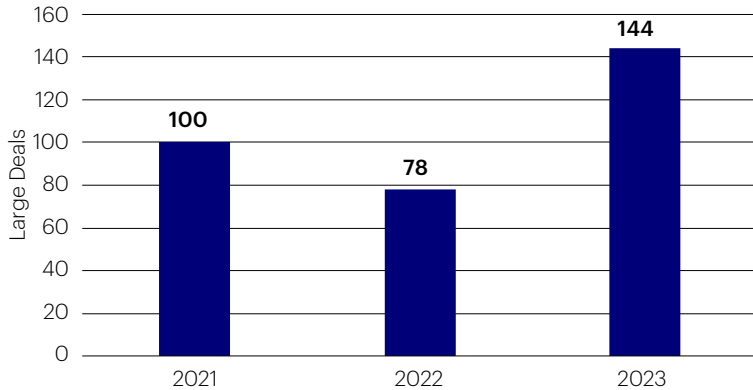
## Indicators of a rebound

**Strong deal momentum:**

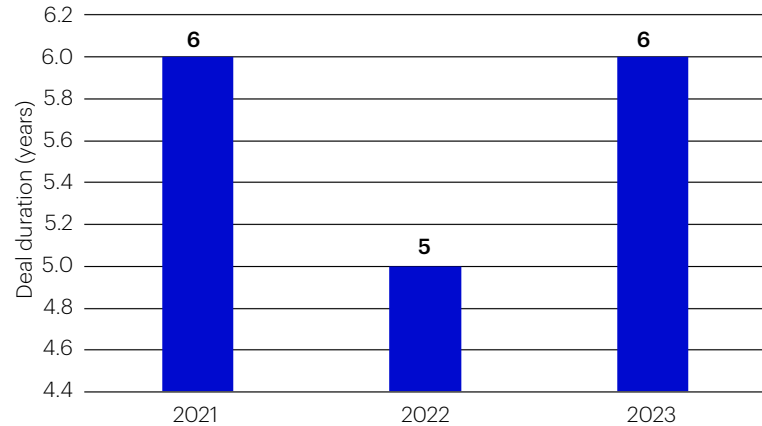
**The pipeline of deals remains robust, indicating sustained business activity**

**Indian tech industry won ~85% higher large deals<sup>1</sup> in CY2023 over CY2022 large deals**

Indexed to 2021 = 100



**Longer deal duration (in years) indicates better revenue potential**



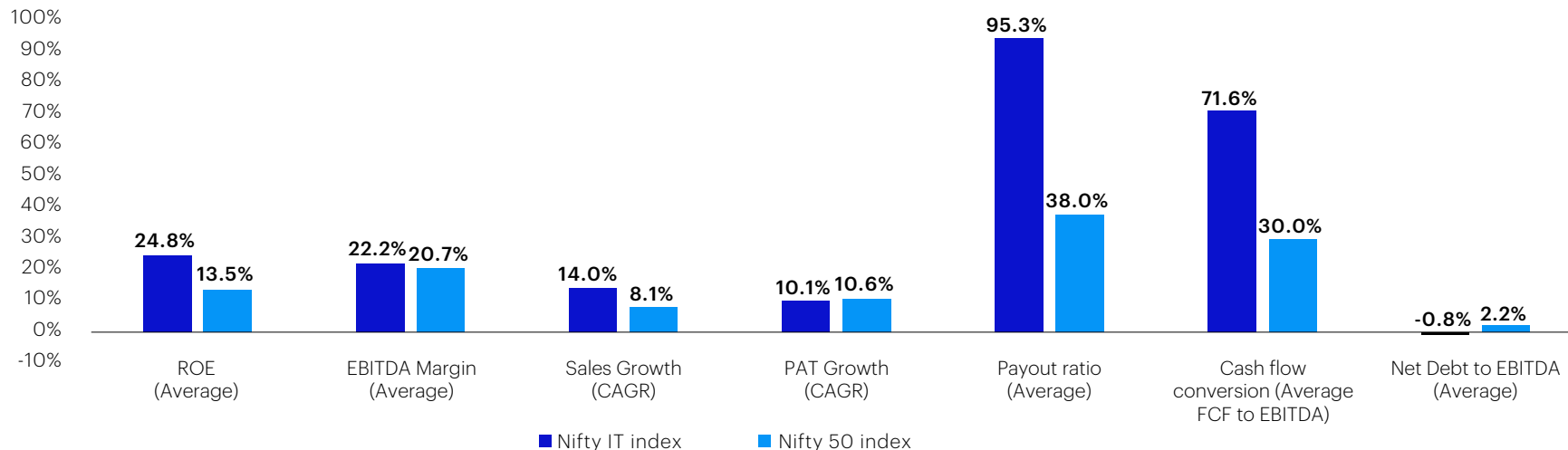
Source: Nasscom

<sup>1</sup>Deals with value USD 100 Mn+ are considered as large deals.

## IT industry continues to exhibit robust financial attributes

High ROE, healthy cashflow & dividend payout and strong balance sheet

### Financial metrics for 5 years (as of CY2023)



ROE – Return on Equity, EBITDA - Earnings before interest, taxes, depreciation, and amortization, PAT – Profit after Tax, FCF – Free Cashflow, CAGR – Compounded annual growth rate, CY- Calendar year  
Source: Bloomberg

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

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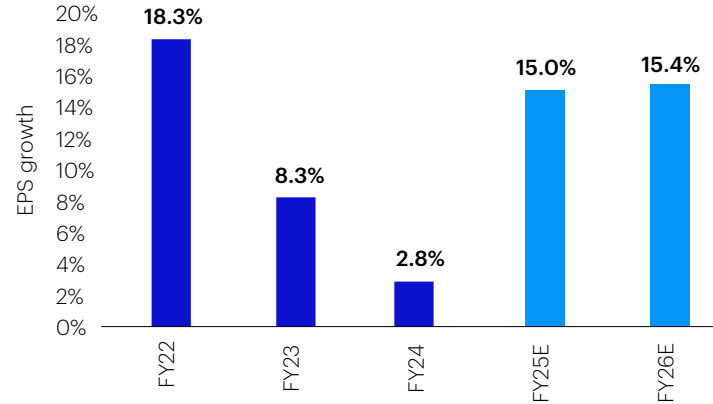
# Valuations have corrected from its peak and earnings have bottomed out

We expect earnings upgrade driven by improving business sentiments

Trailing PE



EPS growth has bottomed out  
Nifty IT index EPS growth



PE – Price to Earnings, EPS – Earnings per share, E - Estimates

Source: Bloomberg

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

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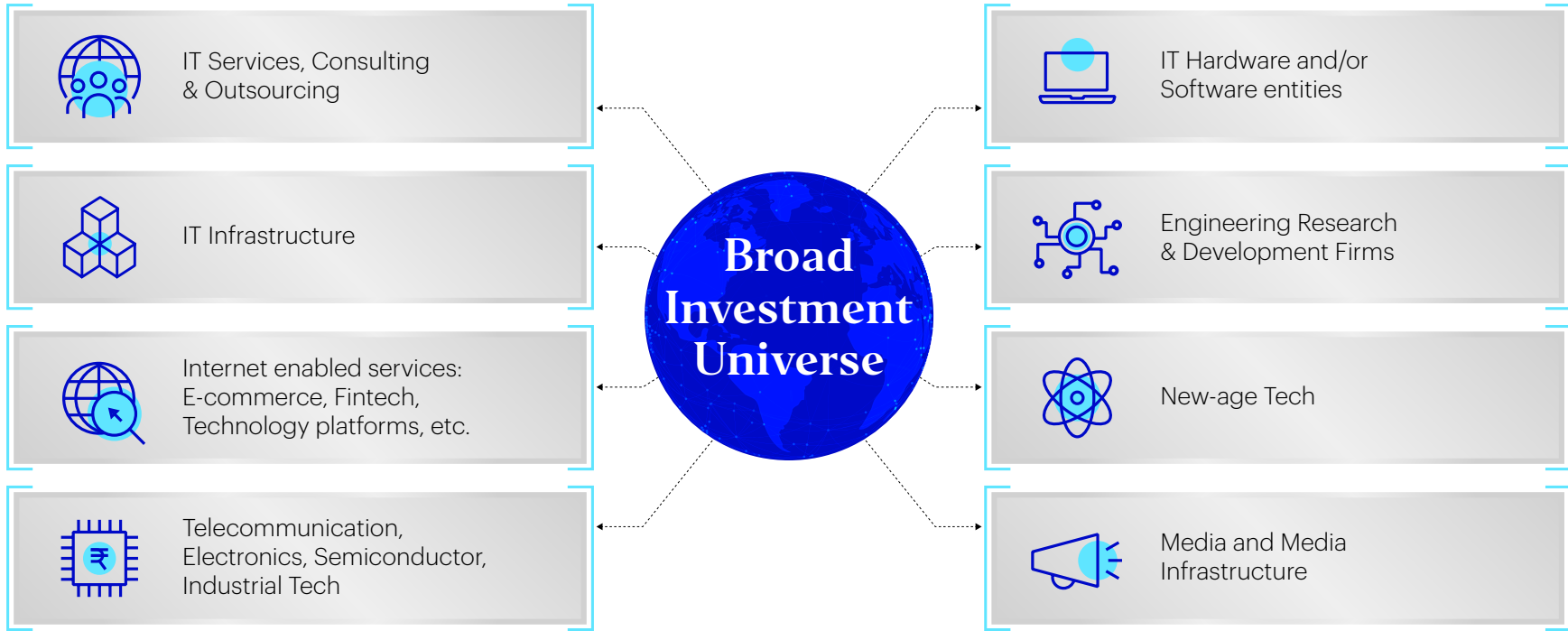
Presenting

# Invesco India Technology Fund

(An open ended equity scheme investing in technology  
and technology related sectors)







**Disclaimer:** The sectors mentioned above are some of the sectors related to technology sector and is not an exhaustive list comprising of technology and technology related sectors. The sectors referred above should not be construed as recommendations, advice to buy, sell or in any manner transact in the sector and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund. The Scheme may or may not have any future positions in these sectors.

## Investment strategy



Fund aims to achieve long-term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments, **focusing on technology-centric and technology-dependent companies**



A combination of **top-down and bottom-up approaches to identify high-growth companies at the forefront of technological innovation**, with a focus on **transformative sectors like automation, AI, cloud computing, and digital adoption**



Investments across market capitalization, **balancing large-cap stability with mid-cap growth and small-cap potential**



Target investments in India's digital transformation **alongside global technology leaders and innovators<sup>1</sup>**

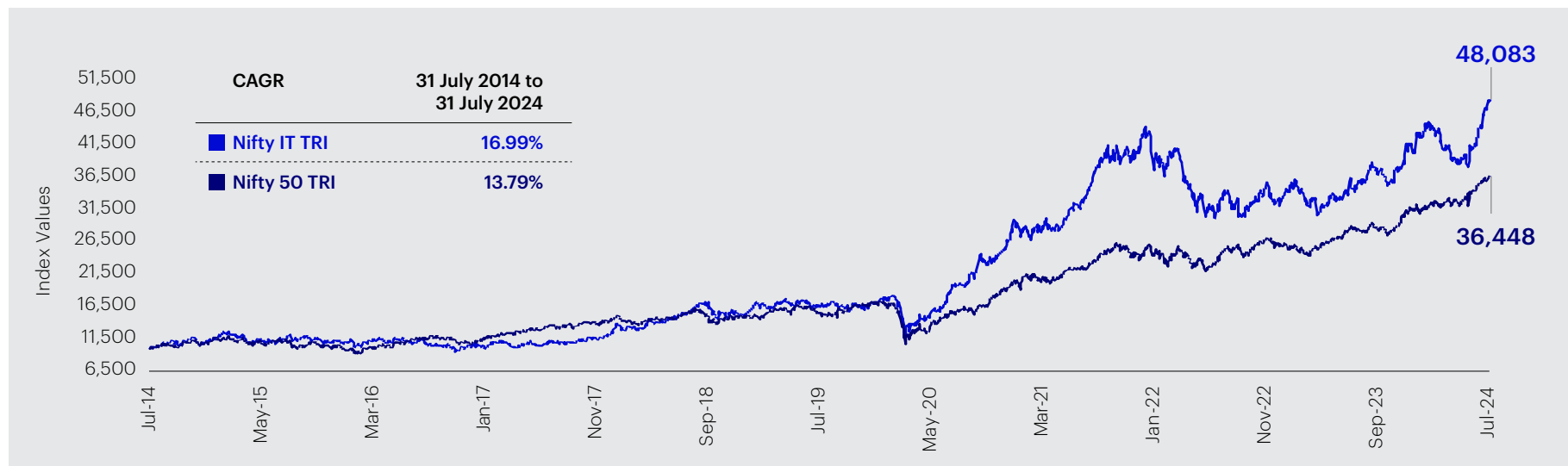


Diversified exposure with a strong risk management framework

<sup>1</sup>Note - The Scheme will not invest in Overseas securities / Overseas ETFs during a period of six months from the date of closure of New Fund Offer. On an ongoing basis, the Scheme may make investments in overseas securities (i.e. ADRs, GDRs etc.) upto the available limit at the Fund level. Investments in Overseas ETFs is temporarily suspended and will be allowed once the communication is received from SEBI / AMFI.

## Nifty IT vs. Nifty 50 performance

Values are rebased to 10,000



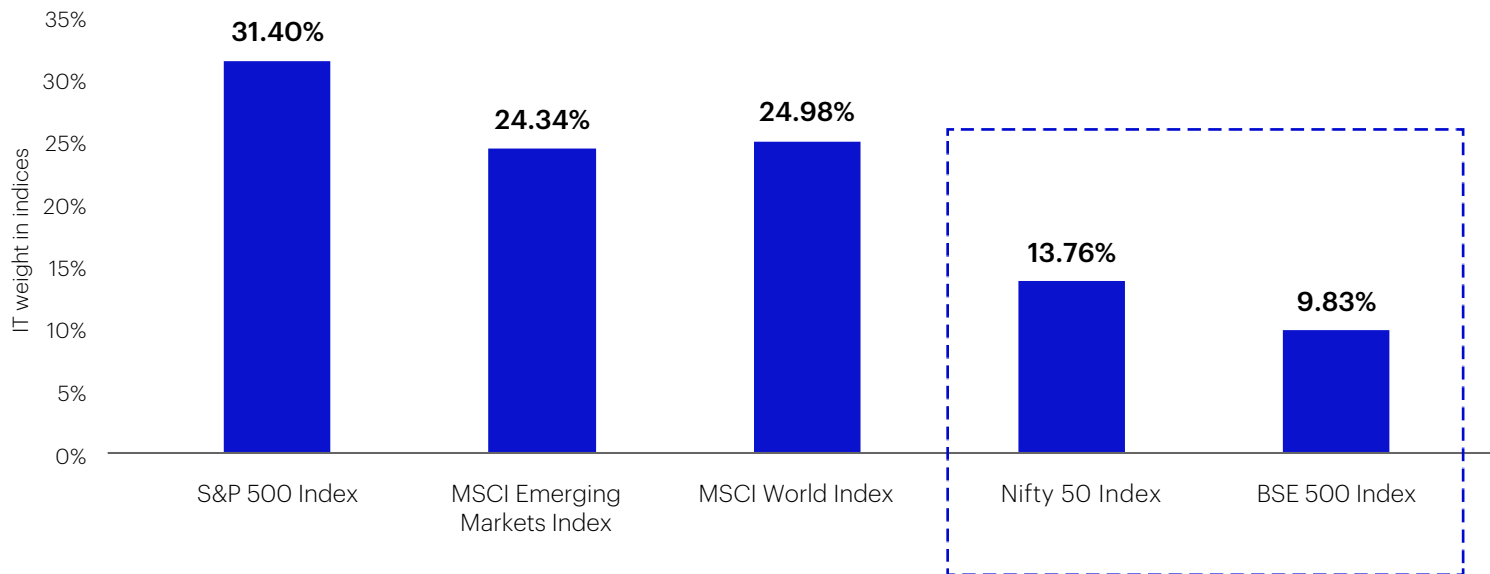
Source – NSE, Internal. Data as on July 31, 2024. CAGR – Compounded Annual Growth Rate

**Past performance may or may not be sustained in future.** Performances based on Total Return Index (TRI) indices. Returns shown are CAGR.

**Disclaimer:** The above chart shows the performance of Nifty IT TRI (sector index) and Nifty 50 TRI (broader index) for the past 10 years i.e. from 31 July 2014 to 31 July 2024 and should not be construed as performance of the Scheme. The same is for illustration purpose only and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as recommendations, advice to buy, sell or in any manner transact and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited (IAMI) and/or Invesco Mutual Fund (IMF). It should not be construed as a promise on minimum returns and safeguard of capital. IAMI/IMF is not guaranteeing or promising or forecasting any returns.

## Scope for IT sector weight to go up in India as seen in other market indices

### Weightage of IT in market indices



## Annexure

### FY2024E – Key IT industry metrics

~7%

Share relative to GDP

**\$254 Bn**

Tech Industry Revenue

47-50%

Share in India's Services Export

**\$199.5 Bn**

Tech Export Revenues

57-58%

Share in Global Sourcing

**\$54.4 Bn**

Tech Domestic Revenues

38K+

Tech Firms in India

**5.43 Mn**

Talent in the tech industry

31K+

Tech Start-Ups in India

**1,630+**

Global Capability Centers (GCCs)

**\$6.3 Bn**

IT FDI flows into India between April-September 2023

**318K**

Tech patents filed in India between January 2010 to January 2024

E – Estimates, GDP – Gross Domestic Product, FDI – Foreign Direct Investment. Source – Nasscom report dated February 2024.

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## Key Facts

<b>Type</b>	An open ended equity scheme investing in technology and technology related sectors		
<b>Investment Objective</b>	To generate capital appreciation by investing in equity and equity related instruments of companies in the technology and technology related sectors, companies focused on driving transformative innovations across technology, automation, robotics, artificial intelligence, cloud computing and other technology companies including those benefitting from the increased digital adoption. There is no assurance that the investment objective of the Scheme will be achieved.		
<b>Asset Allocation</b>	<b>Instruments</b>	<b>Indicative Allocation (% of Net Assets)</b>	
		<b>Minimum</b>	<b>Maximum</b>
	Equity and Equity related instruments of companies in technology and technology related sectors including those benefitting from increased digital adoption	80	100
	Other equity & equity related instruments	0	20
	Debt & Money Market Instruments	0	20
	Units issued by REITs and InvITs	0	10
<b>Minimum Application Amount</b>	Lumpsum: Rs. 1,000/- per application and in multiples of Re. 1 thereafter. For Systematic Investment Plan (SIP):		
	<b>Options</b>	<b>Minimum Amount</b>	<b>Minimum Installments</b>
	Monthly	Rs. 500 per month and in multiples of Re. 1 thereafter	12
		Rs. 1,000/- or more per month and in multiples of Rs. 1 thereafter	6
	Quarterly	Rs. 1,500/- per quarter and in multiples of Rs. 1 thereafter	4
<b>Plans<sup>1</sup>/Options (Applicable to Direct Plan also)</b>	Regular Plan and Direct Plan <ul style="list-style-type: none"> <li>• Growth Option</li> <li>• Income Distribution cum Capital Withdrawal (IDCW) Option <ul style="list-style-type: none"> <li>• IDCW Payout</li> <li>• IDCW Reinvestment option</li> </ul> </li> </ul> (If IDCW under payout of IDCW is equal to or less than Rs.100/- then the IDCW would be compulsorily reinvested in the respective plan/option of the scheme)		
<b>Exit Load<sup>2</sup></b>	For each purchase of units through Lumpsum / Switch-in / Systematic Investment Plan (SIP)/ Systematic Transfer Plan (STP) and IDCW Transfer Plan exit load will be as follows: <ul style="list-style-type: none"> <li>• If units are redeemed/switched-out on or before 3 months from the date of allotment: 0.50%</li> <li>• If units are redeemed/switched-out after 3 months: Nil</li> <li>• Switch between the Plans under the Scheme: Nil</li> </ul>		
<b>Fund Managers</b>	Hitendra Jain and Aditya Khemani		
<b>Benchmark</b>	Nifty IT TRI		

<sup>1</sup>Direct Plan will have a lower expense ratio excluding distribution expenses, commission for distribution of Units etc.

<sup>2</sup>Exit Load charged, if any, will be credited back to the scheme, net of Goods & Services Tax.

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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully**







## Get in touch

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Call 1800-209-0007

sms 'Invest' to 56677

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