



Presenting



Bank of India Consumption Fund



NFO Opens:

29th November 2024



NFO Closes:

13th December 2024





Evolving Consumption Basket

Consumer Is Constantly Evolving

Earlier

Now



Toothpaste, Soap,
Hair oil, Washing bar

FMCG

Oral care, Bathing gels, Hair
conditioners, Liquid detergent



Local retail shop,
Modern trade

**Shopping
Mode**

Modern trade, Ecommerce,
Quick commerce



Local cuisine, occasional,
convenient location

**Dining
Out**

Dining experience,
Fusion food, high frequency



Value conscious/budget
trips, Low frequency

Travel

Luxury trips, Foreign trips,
Exploratory solo trips, Air travel



What Is Influencing Consumption?



Demography

Young country,
huge population



Social strata rising & urbanization

Middle class and upper classes to grow 3x, boosting demand for aspirational and premium products



Rise of revolutionary generation

Gen Z, Gen Alpha embrace experimentation, prioritizing trends over brands

D. E. S. I. R. E.



Evolving per capita income

Crossing critical threshold, household consumption basket expanding, premiumization



Internet and technology

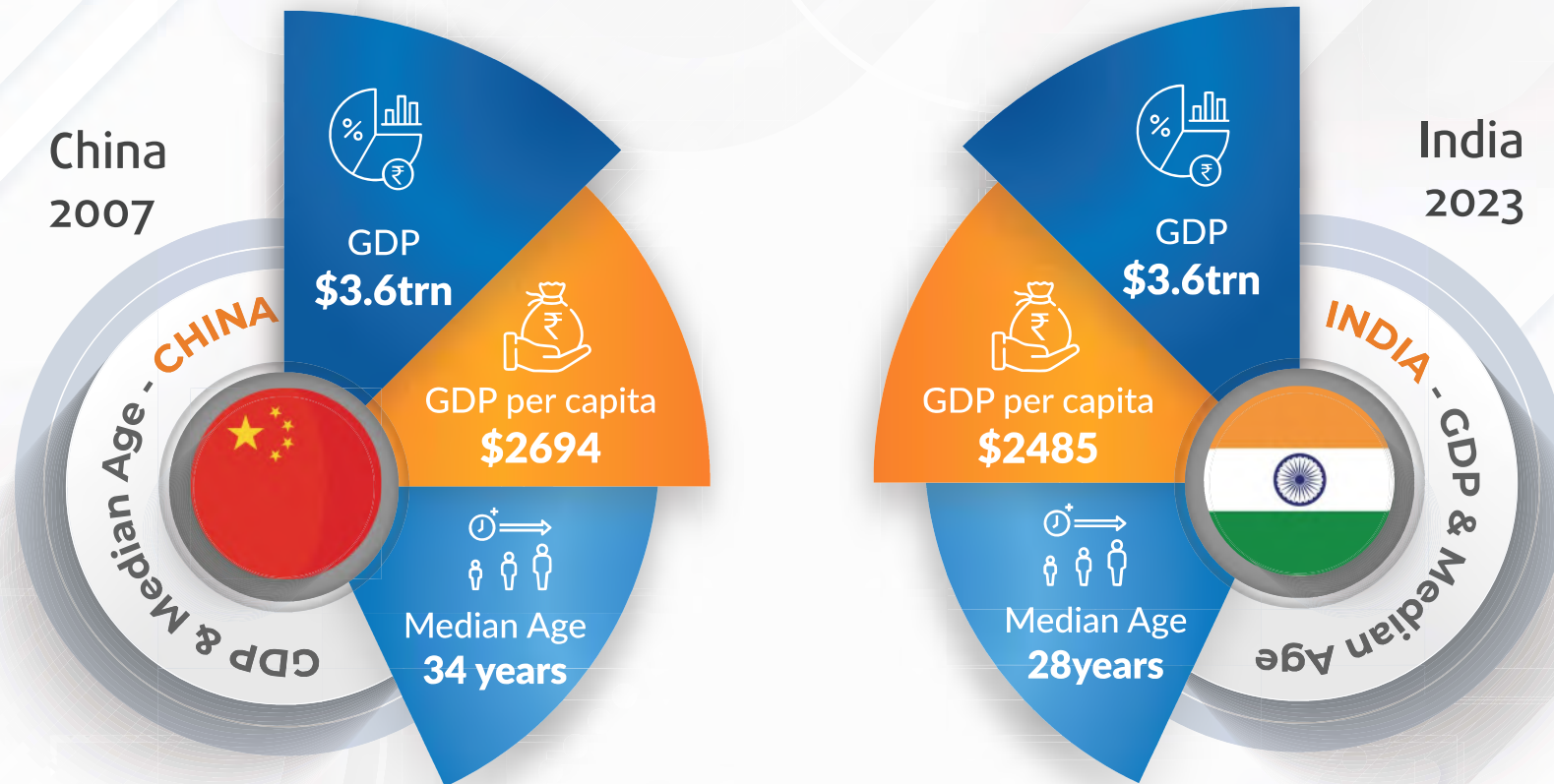
Smartphone penetration driving internet and social media usage, exposing to more brand exposure.



Ease of payment and credit access

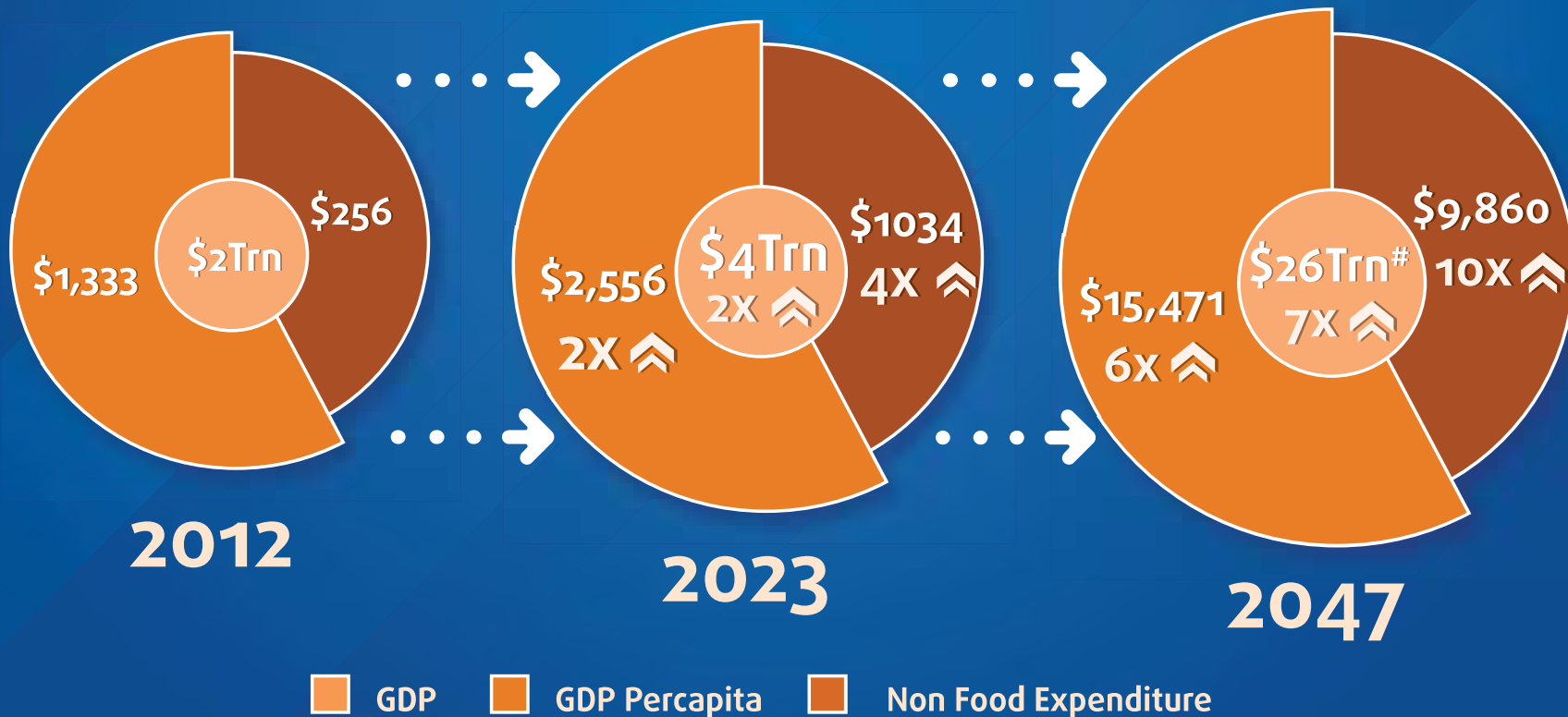
Digital payment, credit scores, EMI, loans, and cards

Demography – Young, Offering Long Runway Of Growth



India's GDP in 2023 is comparable to China's GDP in 2007, but with a significantly younger median age. This youthful demographic gives India a strong advantage for sustained economic growth, fueled by a dynamic workforce and growing consumer demand

Evolving per capita income boosting non food consumption



Share of consumption toward non food increasing*

52%
in 2012

57%
in 2023

80%
in 2047

Source : PWC, Worldometers, various broker estimates, #Estimated to grow at 8.5% CAGR, Niti Aayog projects (India's GDP to reach \$30 trn by 2047), *Avg of Rural and Urban consumption towards non-food

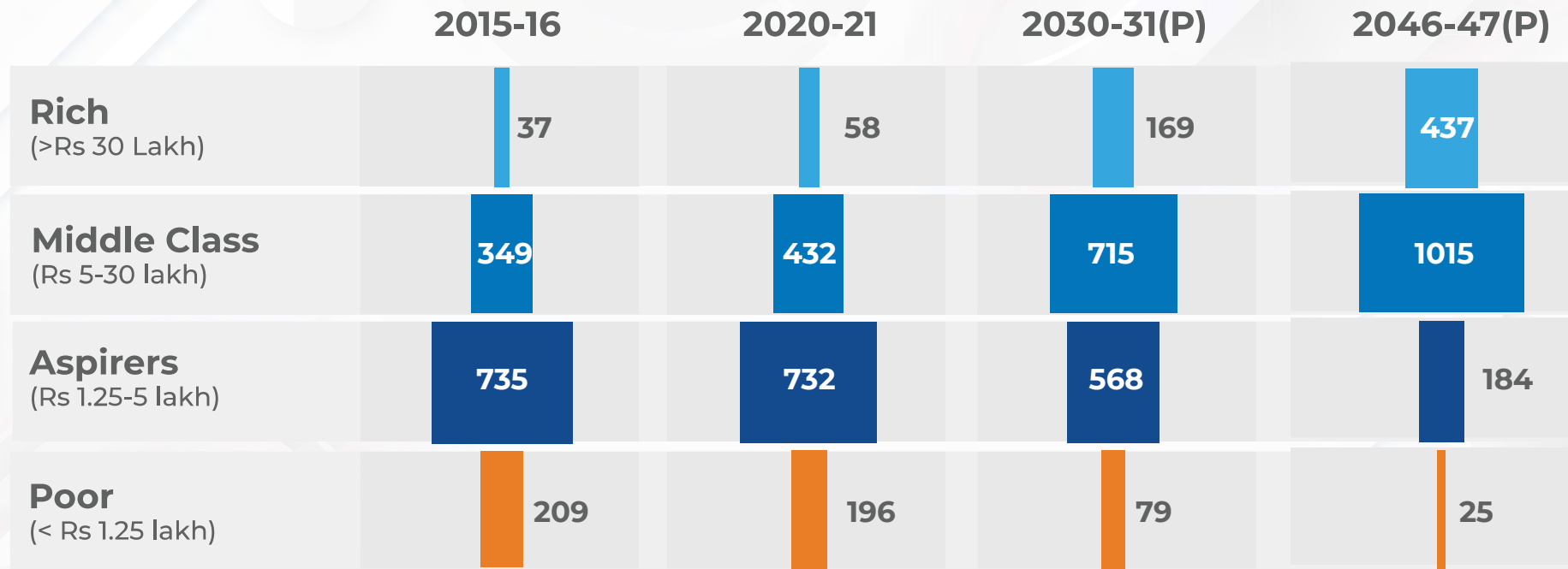
Surpassing \$2,000 Per Capita Income Reshapes The Future Over The Next Decade

Description	First Year		Next Decade
US market - Vehicles (per 1000 people)	323	...→ 1.5X ...→	470
Indonesia market - Vehicles (per 1000 people)	30	...→ 2.0X ...→	60
China market - Vehicle (per 1000 people)	58	...→ 2.0X ...→	117
China - Outbound tourism (mn)	48	...→ 3.2X ...→	155
China - Alcohol consumption (in ltrs)	2.92	...→ 2.0X ...→	5.75

Source: www.energy.gov, www.helgilibrary.com, www.clasp.ngo, world bank, CEIC, spark capital research

Social Strata Soaring Alongside Urban Growth

Rise of social strata and urbanization are mutually reinforcing, fueling each other's growth



Annual Household Income at 2020-21 prices

Population Split in Rural & Urban India



Rural Population

808 million

907 million



Urban Population

838 million

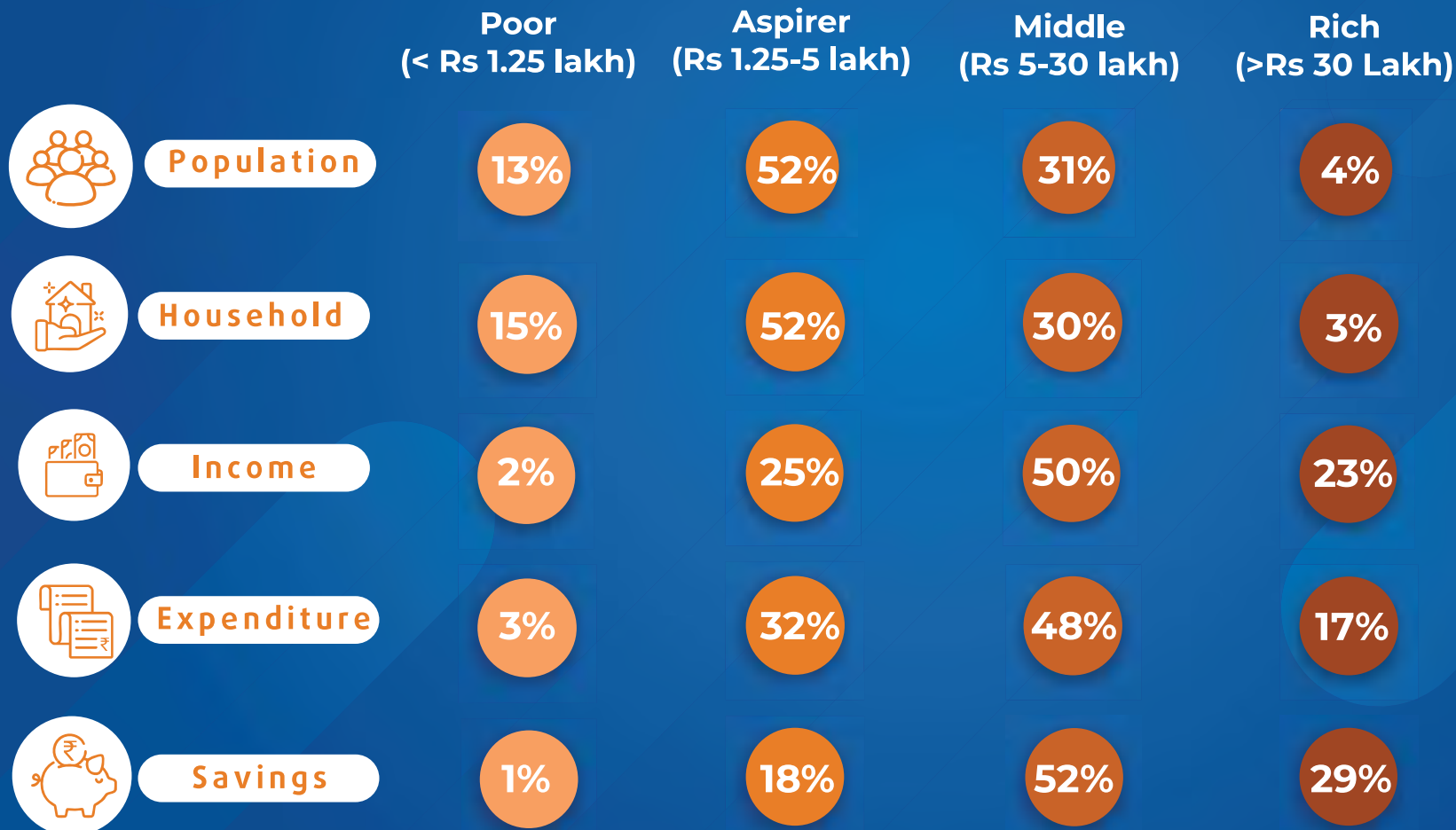
518 million

2023

2047

Consumption Fueled By The Middle Class And Aspirational Consumers

Expenditure to be led by rich, middle class and aspirers



The \$2 trillion opportunity, How Gen Z is shaping the new India, Oct 2024

**\$5
FY31**



**\$2
FY21**

Source : Rajesh Shukla (2022) The Risk of Indian Middle Class, PRICE

Influence Of The Internet And Technology Ecosystem

India's Mobile and Social Media Revolution:
Expanding Connectivity and Engagement for 1.2 Billion Users"



Mobile phone penetration at
~80%, 1.1 bn device in use



62% of internet users are active on
at least one social media platform



462 mn active social media
users (Jan 2024)



2.5-3.5 mn content creators in India
across various platforms and niches,
from fashion to technology, shaping
trends and consumer behaviour.



250 mn monthly active music
streaming service user



Top 5 ecommerce players
deliver ~3mn orders daily

Source: Kolfuence annual influencer marketing report, Datum Analysis, RouteNote, www.dataportal.com,

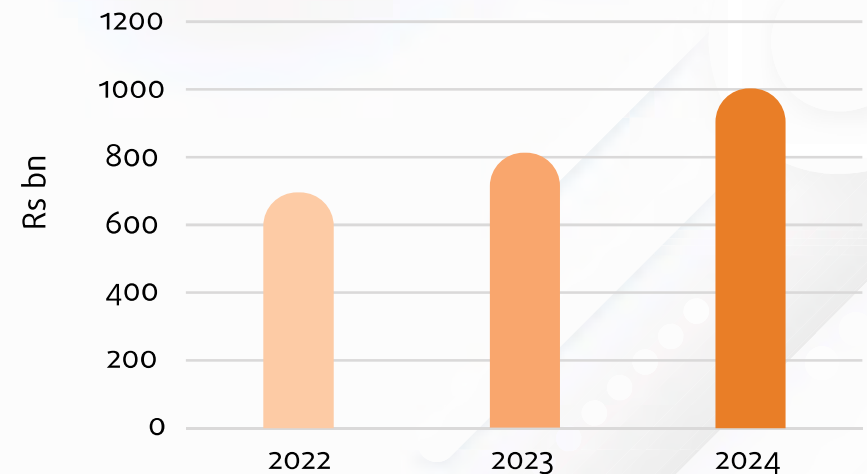
New Delivery Channel Emerging

Number of Ecom/ App download in India (Mn+ category)






















Source : Google playstore

E-commerce sales during festive season



Source : Datum Intelligenece

Rise Of Revolutionary Generation

Age Group	Iconic Cars	Iconic Toys & Games	Music Devices
 <p>Baby Boomers Born: 1946 - 1964</p>	—	<p>Kites</p> 	<p>Cassettes</p> 
 <p>Gen X Born: 1965 - 1979</p>	<p>Sedan</p> 	<p>Gully games</p> 	<p>Walkman</p> 
 <p>Gen Y Born: 1980 - 1994</p>	<p>Premium Sedan</p> 	<p>Game controller, car toys</p> 	<p>MP3 player, Ipod</p> 
 <p>Gen Z Born: 1995 - 2009</p>	<p>SUV</p> 	<p>Portable games</p> 	<p>Bluetooth Earphones</p> 
 <p>Gen Alpha Born: 2010 - 2024</p>	<p>Premium SUV</p> 	<p>Phone/ TV/ Laptop games</p> 	<p>Smart Speakers</p> 

Disclaimer: The use of above brands/products is only for illustration purpose of the theme and should not be considered as a recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. The logo/image featured is a registered trademark of the company and is used here only for illustration purpose.

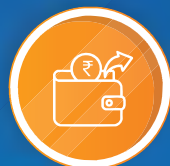
Gen Z Will Dominate Workforce In The Next Decade



At 377M, Gen Z is the largest generation to ever live in India



1 in 4 Gen Zs is already working; in 10 years, 1 in 2 will be earning



Gen Z drives 45-50% of India's consumer spending in auto, electronics, and entertainment.

Gen Z work force participation to increase from 26% to 47%

Current 26%

2030E 36%

2035E 47%

Silent & Boomers
11%

Gen X
17%

Gen Y
25%

Gen Z
26%

Gen Alpha
21%



Source : The \$2 trillion opportunity, How Gen Z is shaping the new India, Oct 2024

Gen Z Will Propel Trends, Opinions & Consumption

Trends are 1.7X more important than brands to Gen Z



Gen Z shops socially, sharing options and seeking opinions from their circle.



Gen Z 5X likelier than millennials to search creators' pages before making fashion choices



Did You Know?



Gen Z is twice as likely as millennials to freely endorse or critique brands.



Brands need to build large-scale social network data-mining tech to identify trends in real-time



Engaging with different type of influencers for different brand objectives

Source : The \$2 trillion opportunity, How Gen Z is shaping the new India, Oct 2024

Easy credit and convenient payment



UPI transactions offer faster, seamless payments, encouraging frequency of transactions



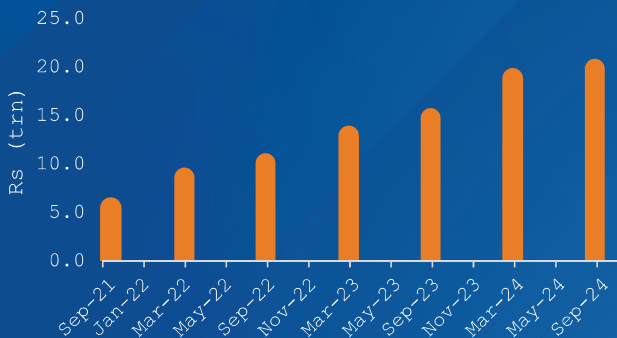
Higher credit card usage boosts consumer spending, driving online purchases with EMI options



Easier access to personal loan widening consumer base to engage in larger purchases



Value (INR trn)

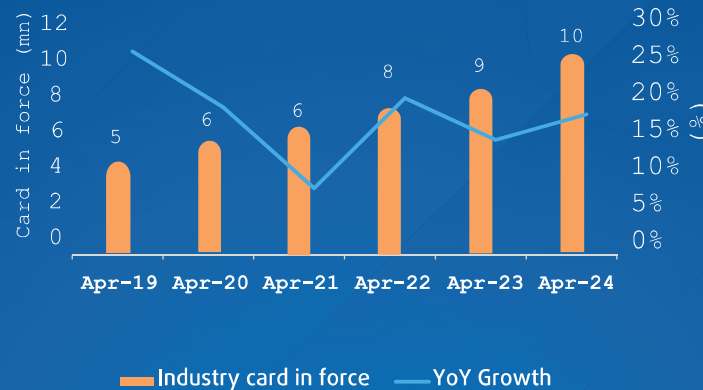


Value (INR trn)

Source : NPCI



Credit card in force is rising



Source : RBI



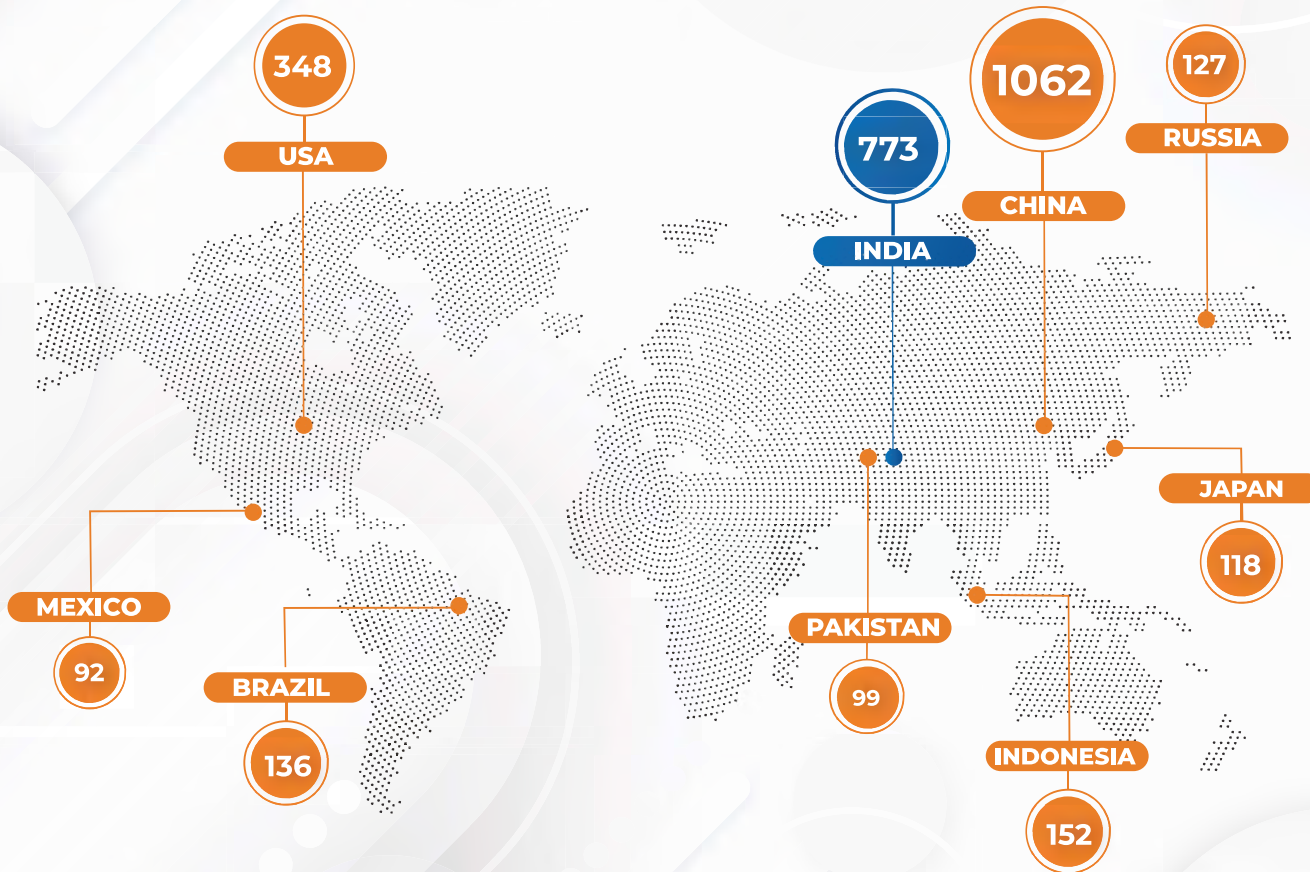
Personal loan preponing future demand



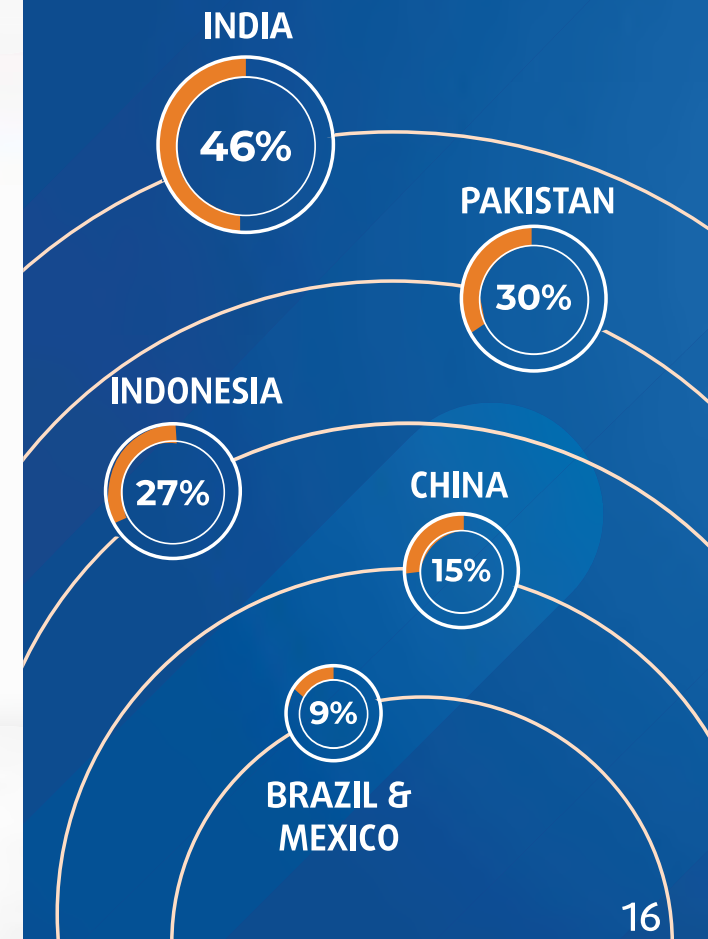
Source : RBI

India consumer on scale – 2nd largest and fastest growing

Number of Consumers by 2030 (spending \$12/day)



Delta change in size of consumer between 2024 to 2030

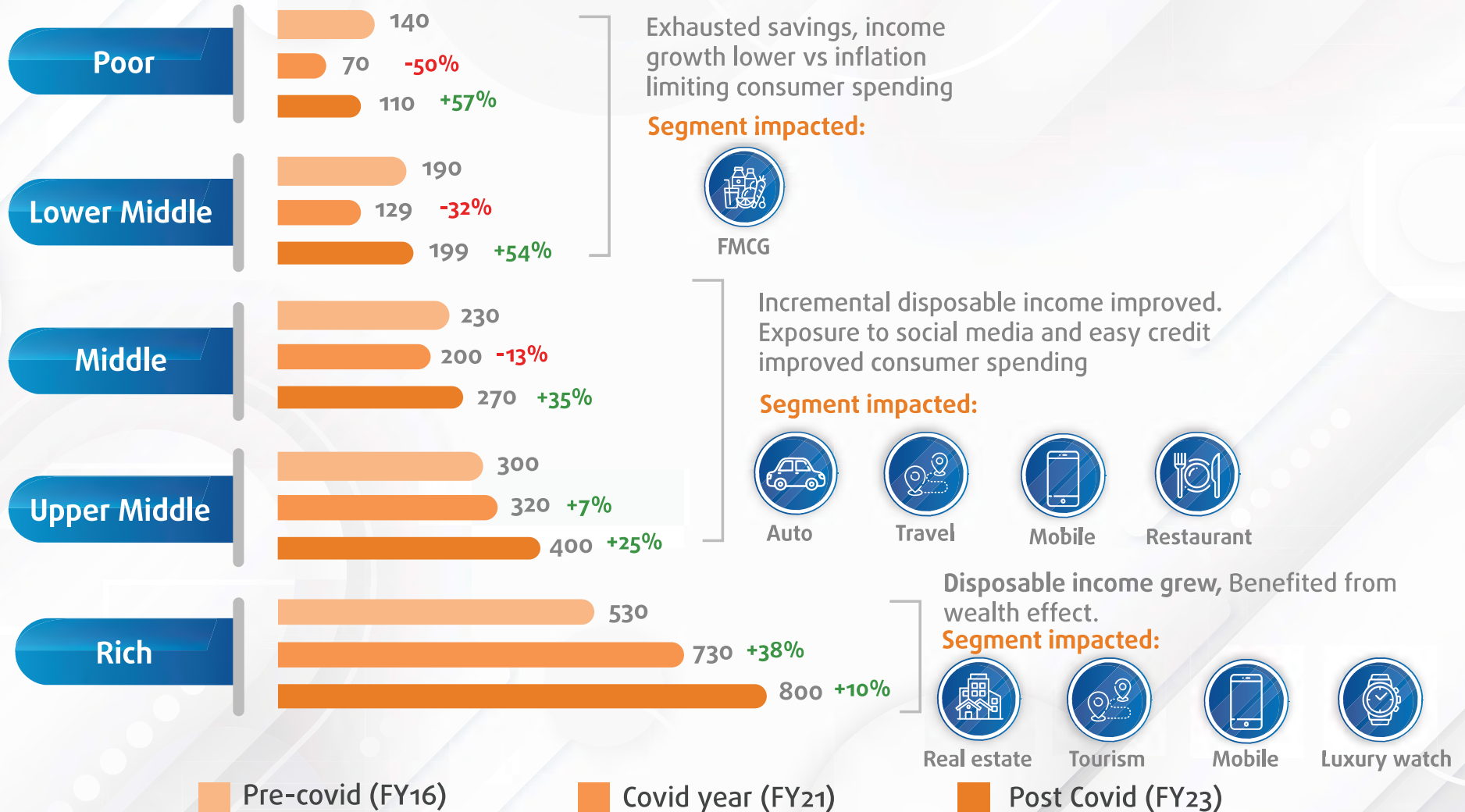


By 2030, India expected to add 243 Mn new consumers i.e. greater than 40% of incremental addition to global consumer pool

Source : www.voroniapp.com

India's K- Shaped Recovery

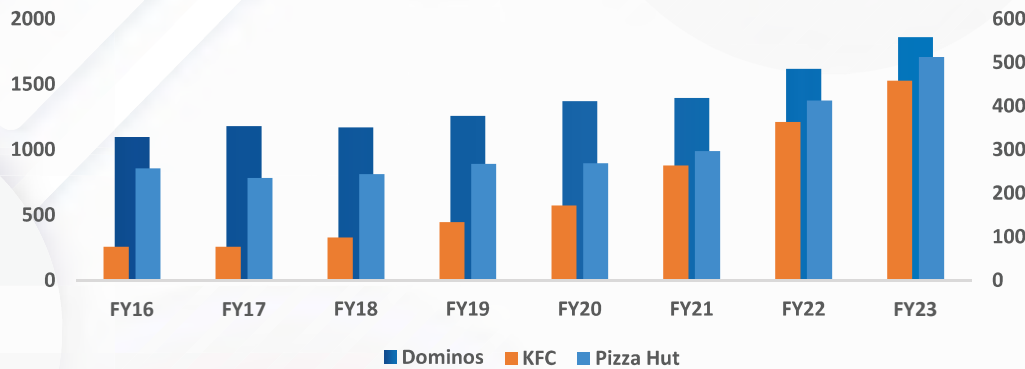
Average annual household income (Rs. 000) at 2011-12 prices



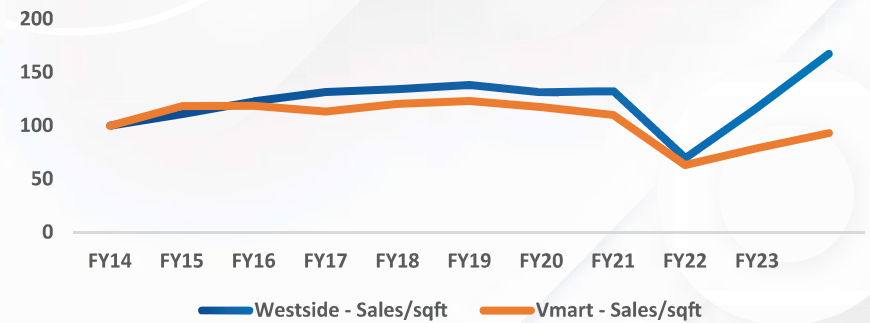
Source: ICE-360-Survey, Avendus Spark Research
People Research on India's Consumer Economy (PRICE) Sample Size: 40,000 Households & 23 states

India – Consumer Upgrading From R,K,M To Premiumization

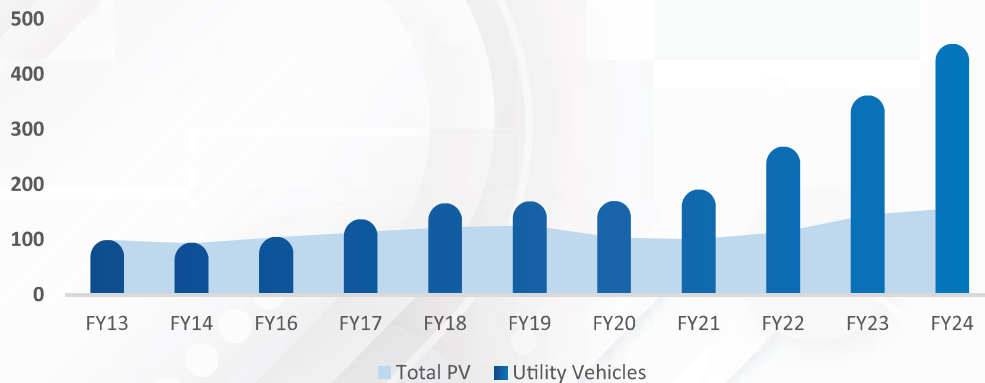
Dining out culture is increasing



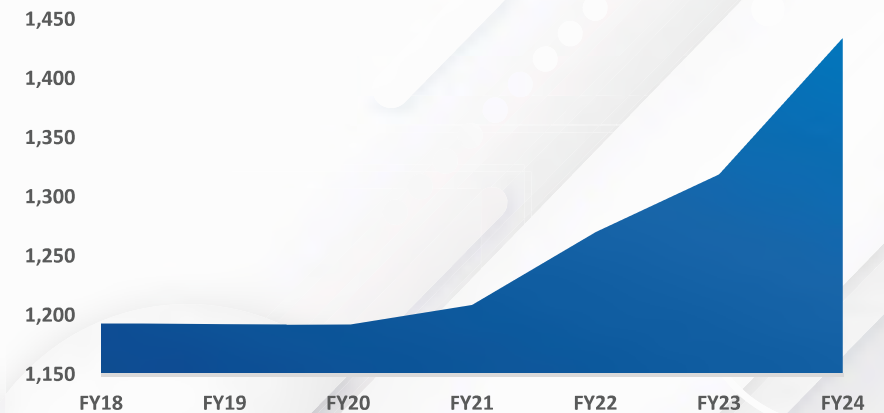
Apparels witnessing premiumisation trend



Demand for premium 4-wheeler is growing faster



Demand for bigger houses increasing (sqft/unit)



Source: Company Data



Why Consumption Fund Now?

Why Consumption Fund Now?



Ability to participate in India's structural growth story –
Rising disposable income, value migration and premiumisation



Capitalize on one of the world's largest
middle-class advancement journey*



Engage in growth and new
emerging opportunities



Pricing power and cash flow visibility



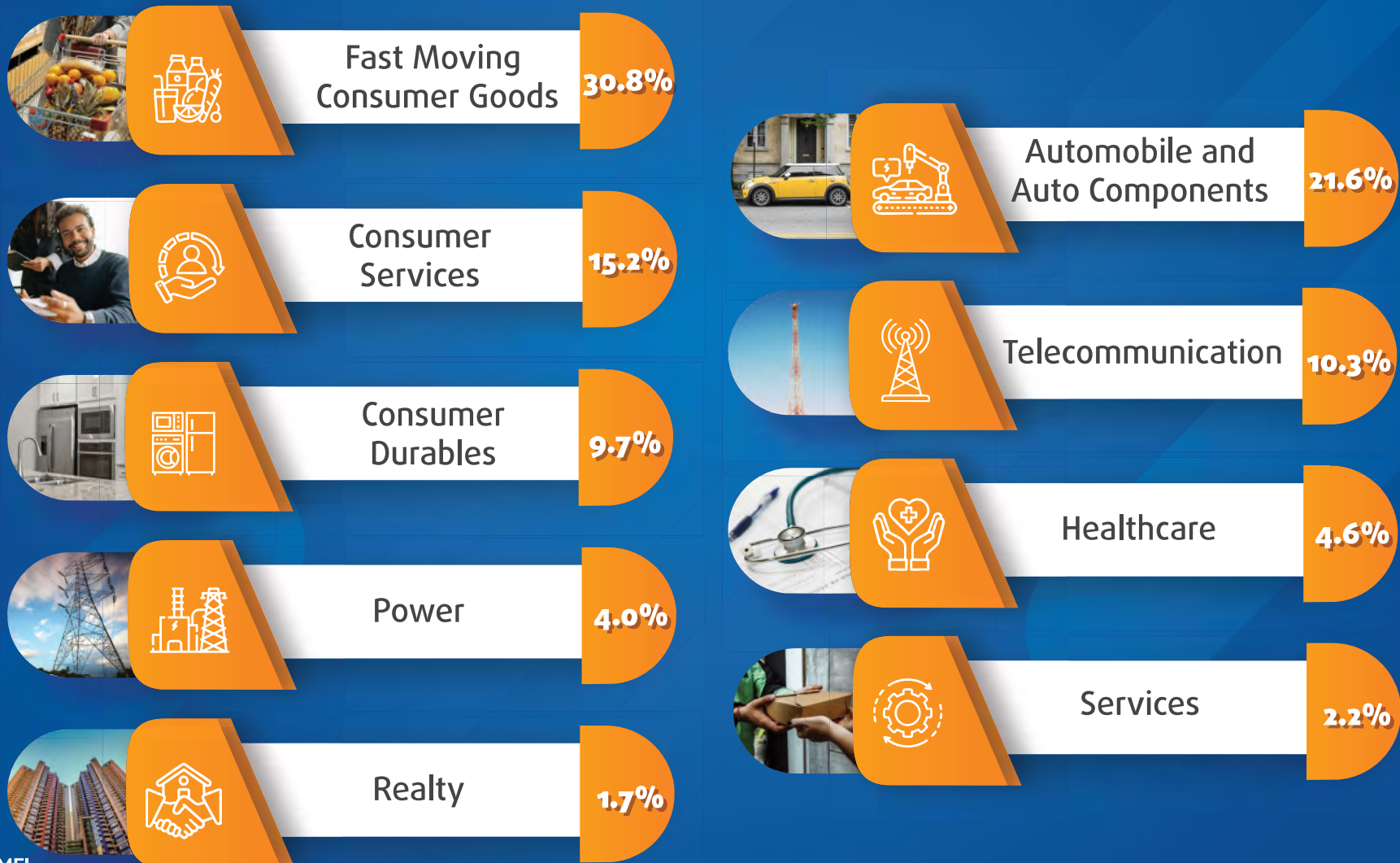
Relatively less prone to economic cycles
vis a vis broader market indices



*Data derived from Slide 8 and 16

Nifty India Consumption Index comprises of 9 themes

This gives opportunities to identify alpha ideas from wider consumption basket



Broader Indices Under Represents Consumer Theme

The consumer theme, is under represented by broader indices like the Nifty 50 and Nifty 500.



100%

Nifty India
Consumption Index



41%

Nifty 500



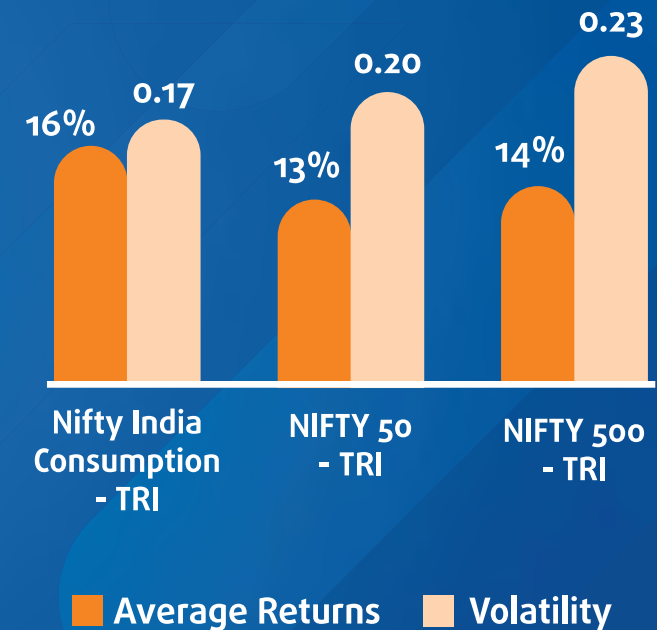
32%

Nifty 50 Index

Nifty India Consumption Index Annual Returns

Draw downs were relatively lesser during 2008, 2011, 2013, 2020, 2022

Date	Nifty India Consumption - TRI	NIFTY 50 - TRI	NIFTY 500 - TRI
30-Sep-2008	-16.6%	-21.1%	-26.0%
30-Sep-2009	30.0%	31.1%	36.5%
30-Sep-2010	18.2%	19.9%	20.8%
30-Sep-2011	-4.7%	-17.1%	-18.3%
30-Sep-2012	19.7%	16.9%	14.6%
30-Sep-2013	17.5%	1.8%	-1.3%
30-Sep-2014	34.1%	40.5%	47.7%
30-Sep-2015	7.3%	0.9%	4.6%
30-Sep-2016	13.7%	9.8%	12.6%
30-Sep-2017	14.4%	15.1%	17.8%
30-Sep-2018	10.4%	13.2%	7.3%
30-Sep-2019	4.7%	6.3%	3.7%
30-Sep-2020	2.0%	-1.0%	1.0%
30-Sep-2021	45.7%	58.5%	62.9%
30-Sep-2022	10.9%	-1.6%	-0.2%
30-Sep-2023	8.4%	16.1%	17.6%
30-Sep-2024	53.2%	33.0%	41.5%



Consumer Companies Outscore In Long Run?



Brand strength and distribution network



Smaller demand fluctuation, greater stability
resulting into mild cyclicality



Lesser drawdown during market fluctuation (in the past)*



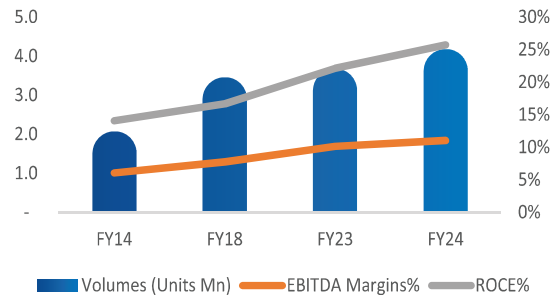
Better risk adjusted returns compared to Nifty
50 TRI (in the past)*

*Please refer previous slide (23) for data purpose.

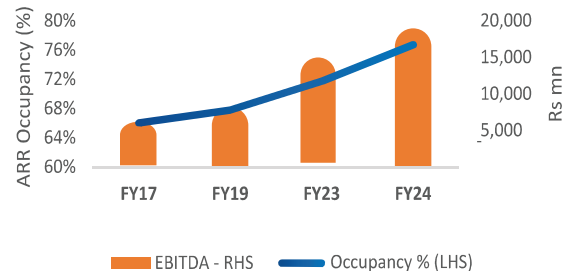
Case Studies



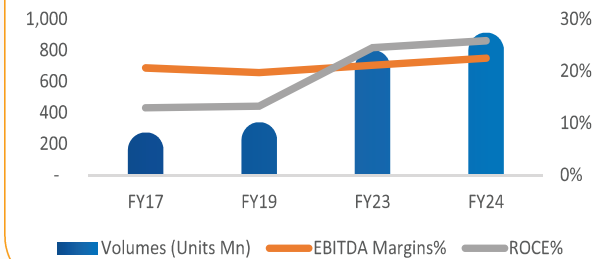
2W Auto company



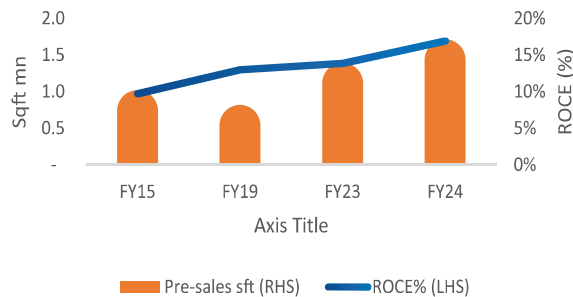
Hotel Company



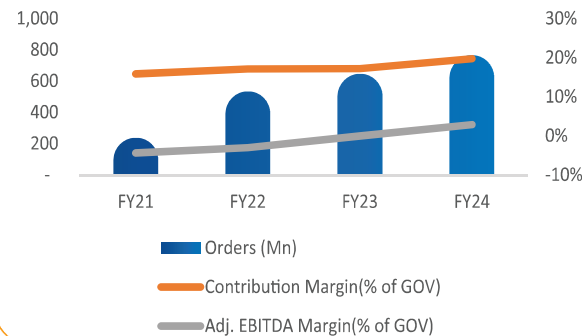
Consumer ancillary



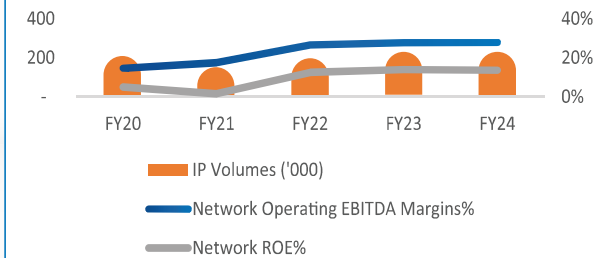
Real Estate company



E-commerce



Healthcare services



Source : Company data, ACE equity

Presenting

Bank of India Consumption Fund

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Generations change but consumption endures!

Why Bank of India Consumption Fund?



Capitalize on evolving consumption trends driven by higher disposable incomes and lifestyle changes.



Blend of consumer staples, discretionary, e-commerce, consumption ecosystem and allied activities



Agile portfolio management, balancing growth and stability across market conditions.



Participate in value shifts in mature businesses and growth trends in emerging companies.



Market capitalization agnostic



Portfolio Strategy



1. Stable growth

Brand-distribution advantage, stable ROE and cashflow generation, relatively resilient in downturns

2. Extended potential for growth

Right to win , business in growth phase, operating leverage beneficiary of rising disposable income, unorganised to organised transition

3. Evolving business

Niche business with potential large scale opportunities, agile and scalable businesses

Key fund features



Balancing growth and stability

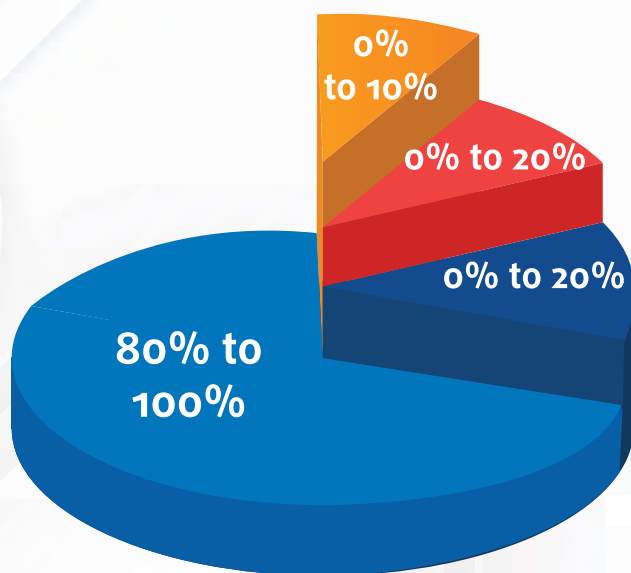


Dynamic top down and bottom-up approach



Market cap agnostic

Asset Allocation



- Equity & Equity related instruments of companies engaged in consumption and consumption related sectors or allied sectors **80% to 100%**
- Other Equity & Equity Related Instruments **0% to 20%**
- Debt and Money Market instruments **0% to 20%**
- Units issued by REITs and InvITS **0% to 10%**

Investment Approach - Investment Universe Tracking

Investment Universe: Upwards of INR 1000 cr market cap : ~1100 companies
(Periodic review – growth, capital efficiency, cash flows, leverage, dilution)

Fund house universe: 250 companies
(Research framework, Top down and bottom up approach)

Portfolio construction: 30-60 companies
(high conviction ideas, scheme mandate, risk framework)

Who should invest?



Suitable for moderate to high-risk appetite



Investor seeking to participate in equity-oriented portfolio that aims to invest in structural growth opportunities driven by changing demographic and economic upliftment, expects benefit over medium to long term.



Suitable for investment horizon of 3 year and above

Investment Approach - Fund Universe Selection

1

Business assessments

- Business life cycle
- Competitive advantage
- Reinvestment opportunities

2

Management assessments

- Fortify competitive advantage, growth
- Execution
- Disclosures, related party transaction, integrity towards stakeholders

3

Financial assessments

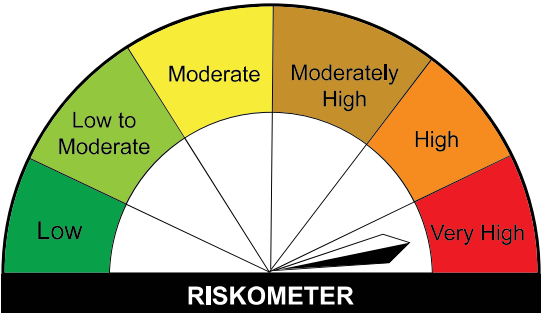
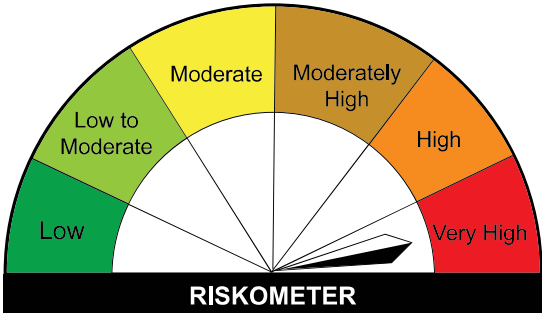
- Earnings quality, longevity of growth
- Capital intensity, cash flow generation capability
- Capital allocation and capital efficiency

Securities Classification based on Business Attributes

	Compounders	Challengers	Emerging companies	Turnaround	Cyclicals	Intrinsic value
Attributes	Quality, Stable growth	Quality, High growth	Disruptor, early adopter	Poorly managed. Scope to improve	Outcomes aligned to industry cycle	Value unlocking
Business cycle	Mature	Growing/mature	Early stage/inflection	Growth revival	Demand-supply mismatch	Mature/Decline
Advantage	Proven moats, Limited competition	Right to win	Evolving	Cost, leverage rectification	Cost leadership	Asset value > Market cap
Growth	Similar to Industry growth, GDP	Ahead of industry, GDP	Non linear	Faster than operating cost	Industry tailwind	Low growth
Earnings quality	Stable margins	Stable margins/ operating leverage	Scalability, operating leverage	Operating, financial leverage	Operating leverage	Low growth
Return ratio	Industry benchmark	Stable/Improving	Volatile/Improving	ROE switch	Oscillates during business cycle	Lower than cost of capital
Cash flows	High/Stable	Growing	Volatile	Improving	Leverage to deleverage	Higher than earnings growth
Reinvestment	Limited/High dividend payouts	Opportunity/Low dividend payout	Aggressive	Leverage constrain/dilution	Lumpy	Low/Nil

Bank of India Consumption Fund

Type	(An open ended equity scheme following consumption theme)
Benchmark	Nifty India Consumption TRI
Fund Manager	Mr. Nitin Gosar
Plan & Options	Plans- Direct Plan and Regular Plan Options under each Plan(s): Growth Income Distribution cum Capital Withdrawal (IDCW) (Reinvestment of IDCW & payout of IDCW option)
Exit Load	<ul style="list-style-type: none">• NIL – There will be no exit load within 3 months from the date of allotment for redemption/switch out upto 10% of the units allotted.• 1% - Any redemption/switch out in excess of the above mentioned limit would be subject to an exit load of 1%, if the units are redeemed/ switched out within 3 months from the date of allotment of units.• NIL – There will be no exit load on any redemption/switch out after 3 months from the date of allotment of units.
Minimum investment amount	Rs. 5,000 and in multiples of Re. 1/- thereafter

<p>SCHEME RISKOMETER#</p>  <p>RISKOMETER</p>	<p>BENCHMARK RISKOMETER#</p>  <p>RISKOMETER</p>	<p>Bank of India Consumption Fund (An open ended equity scheme following consumption theme)</p> <p>This Product is suitable for Investors who seeking*:</p> <ul style="list-style-type: none"> - Long term capital appreciation - An equity scheme investing in equity & equity related securities of companies engaged in consumption and consumption related sector or allied sectors.
<p>Investor understand that their principal will be at very high risk.</p>	<p>Benchmark riskometer is at very high risk</p>	<p>*Investor should consult their financial advisor if in doubt about whether the product is suitable for them</p>

As per AMFI, Tier I Benchmark is Nifty India Consumption TRI.

#It may be noted that the scheme risk-o-meter specified above is based on the internal assessment of scheme characteristics and may vary post NFO, when the actual investments are made.

Disclaimer

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