

A close-up photograph of dark brown coffee beans scattered across a surface. A silver spoon is resting on the beans, with several beans resting on its bowl and handle.

Sometimes,  
quality can be  
better than  
quantity.

*Presenting*  
**SBI Quality Fund**

An open-ended equity scheme following Quality Factor theme.

## NFO Period

28<sup>th</sup> Jan 2026 - 11<sup>th</sup> Feb 2026



**SBI Quality Fund is suitable for investors who are seeking\***

- Long term Capital appreciation.
- An open ended equity scheme investing in equity and equity related instruments based on the Quality Factor.

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

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.

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

# What is Quality Investing?



Like the finest coffee beans, a quality-focused business is carefully cultivated – built on strong fundamentals, supported by enduring competitive strengths, and designed to navigate changing market environments over time.

Quality Investing emphasises substance over scale, focusing on discipline, sound processes, and long-term business viability rather than short-term outcomes. This approach reflects the belief that, as in life, enduring value is shaped not by quantity alone, but by the quality of what is built.

# What is Quality Investing?



The investing equivalent of building a team with high quality players..

-  Long Innings
-  High Batting Average
-  Rare Ducks, Strong Defence
-  Performance Across Pitches

# What is Quality Investing?



“

“A truly great business must have an enduring “moat” that protects excellent returns on invested capital...a formidable barrier such as a company’s being the low-cost producer...or possessing a powerful world-wide brand (Coca-Cola, Gillette...) is essential for sustained success. ” – 2007 *Letter to Shareholders, Berkshire Hathaway Inc.* ”

”



Economic Moat  
(Competitive Advantage)



Something that allows  
a company to keep  
competitors away, e.g.  
Brands, Technology



Higher Margin, Low  
Debt, Stable Earnings  
Faster Growth

# Examples of Moat & High-Quality Businesses

## Durable Economic Moat :



Disclaimer - The stock logos shown above are for illustrative purposes only and do not indicate or guarantee that these stocks will form part of the portfolio. The portfolio composition may vary based on the fund's investment strategy and market conditions.

# Why Invest in A Quality Fund?



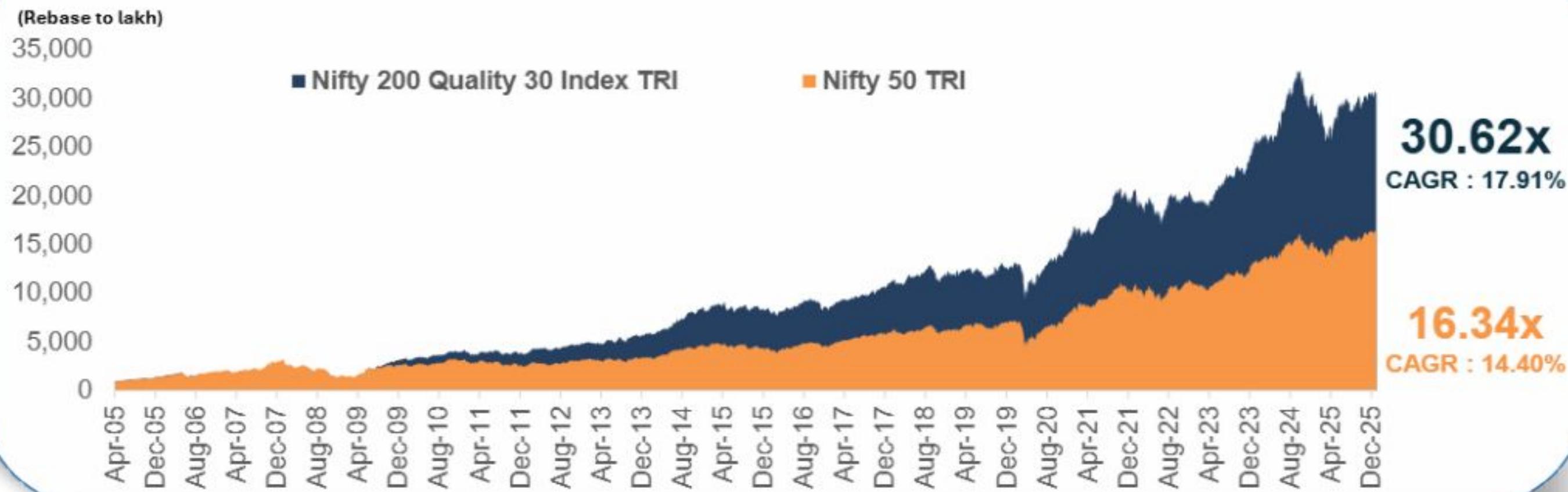
**Strong Returns: Nifty200 Quality 30 Index - 93%  
More Profit than Nifty 50 over last 20 years**



## Relatively Better Peace of Mind:

- Lower Volatility – Nifty200 Quality 30 Index ~10% less volatile than NSE 500, ~30% less volatile than Nifty 200 Value 30 Index
- Lower Drawdown – Fell less than other indices in every crash

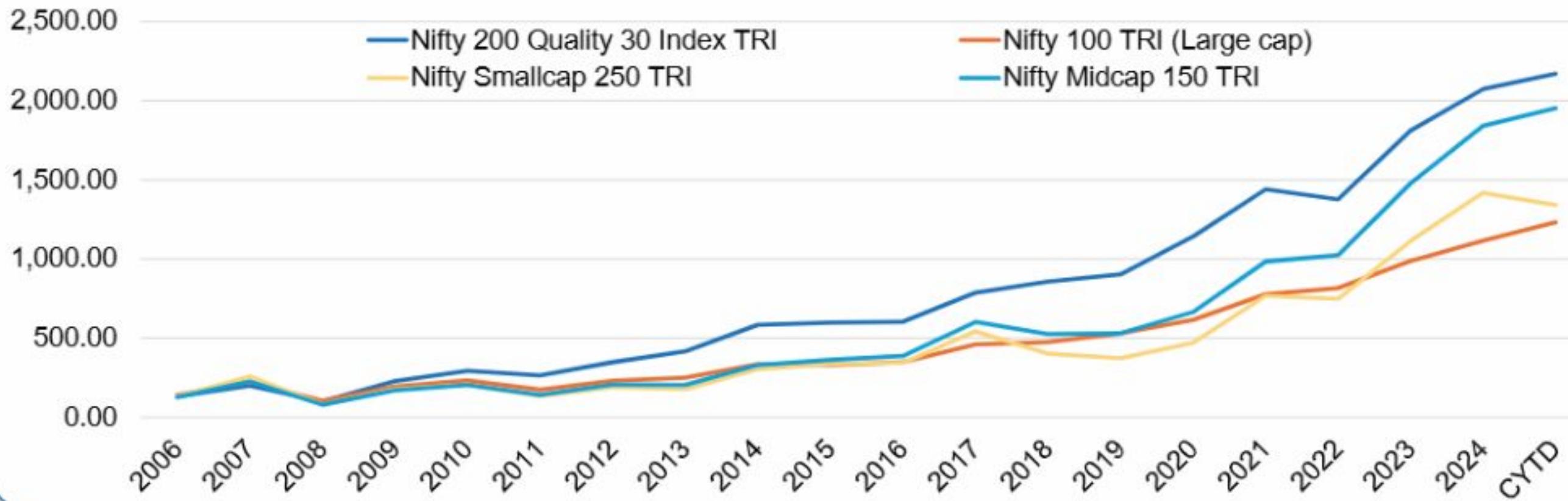
## Strong Returns: 93% More Profit than Nifty over last 20 Yrs



- An investment of ₹1 Lakh in Apr 2005 would have grown to ₹16.34 Lakhs in the Nifty 50, achieving a CAGR of 14.40%.
- The same ₹1 Lakh invested in the Nifty200 Quality 30 Index would have grown to ₹30.62 Lakhs, delivering a higher CAGR of 17.91%.

Source : MFI explorer, Data for the period Apr 2005 – Dec 2025. The above is for illustration purpose only. It should not be construed to be indicative of scheme performance in any manner. Past performance may or may not be sustained in future.

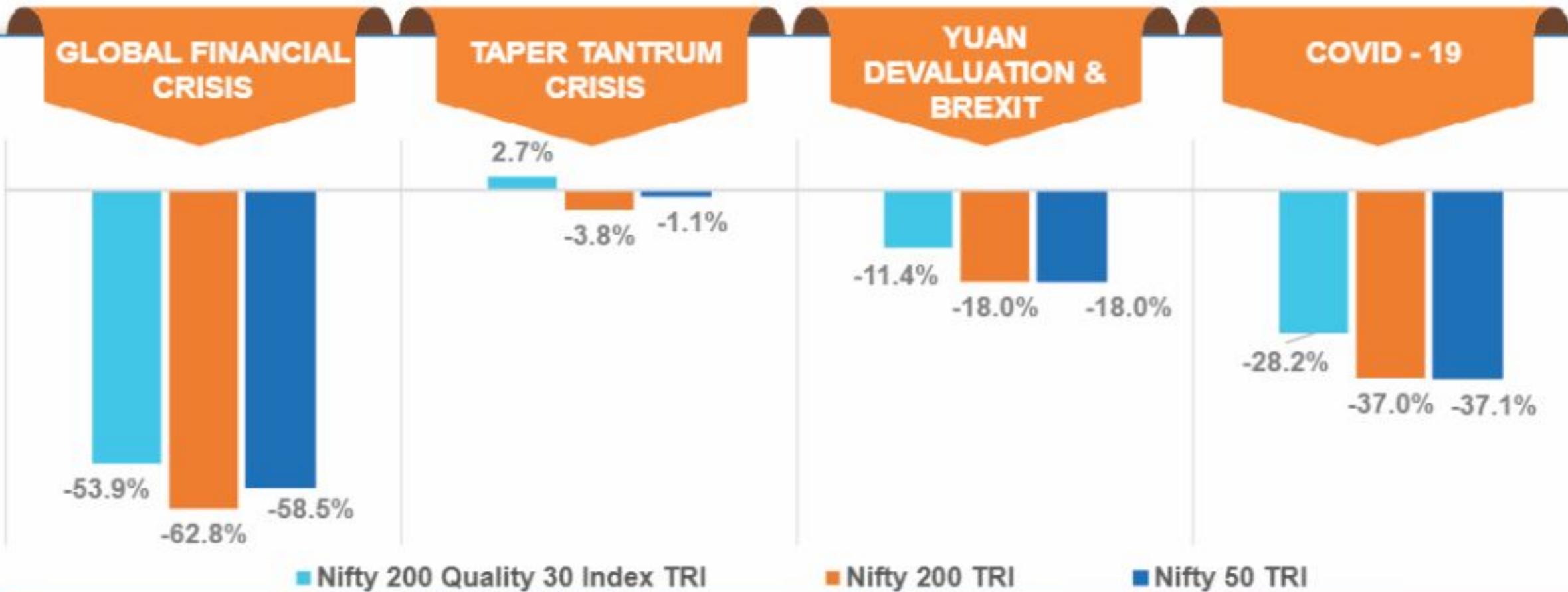
## Strong Returns: Beaten Broader Market Cap Benchmarks



In the long run - Quality investing philosophy has outperformed the Broader market cap indices.

Source : MFI Explorer, Data for the period Jan 2005 – Dec 2025. The above is for illustration purpose only, It should not be construed to be indicative of scheme performance in any manner. Past performance may or may not be sustained in future.

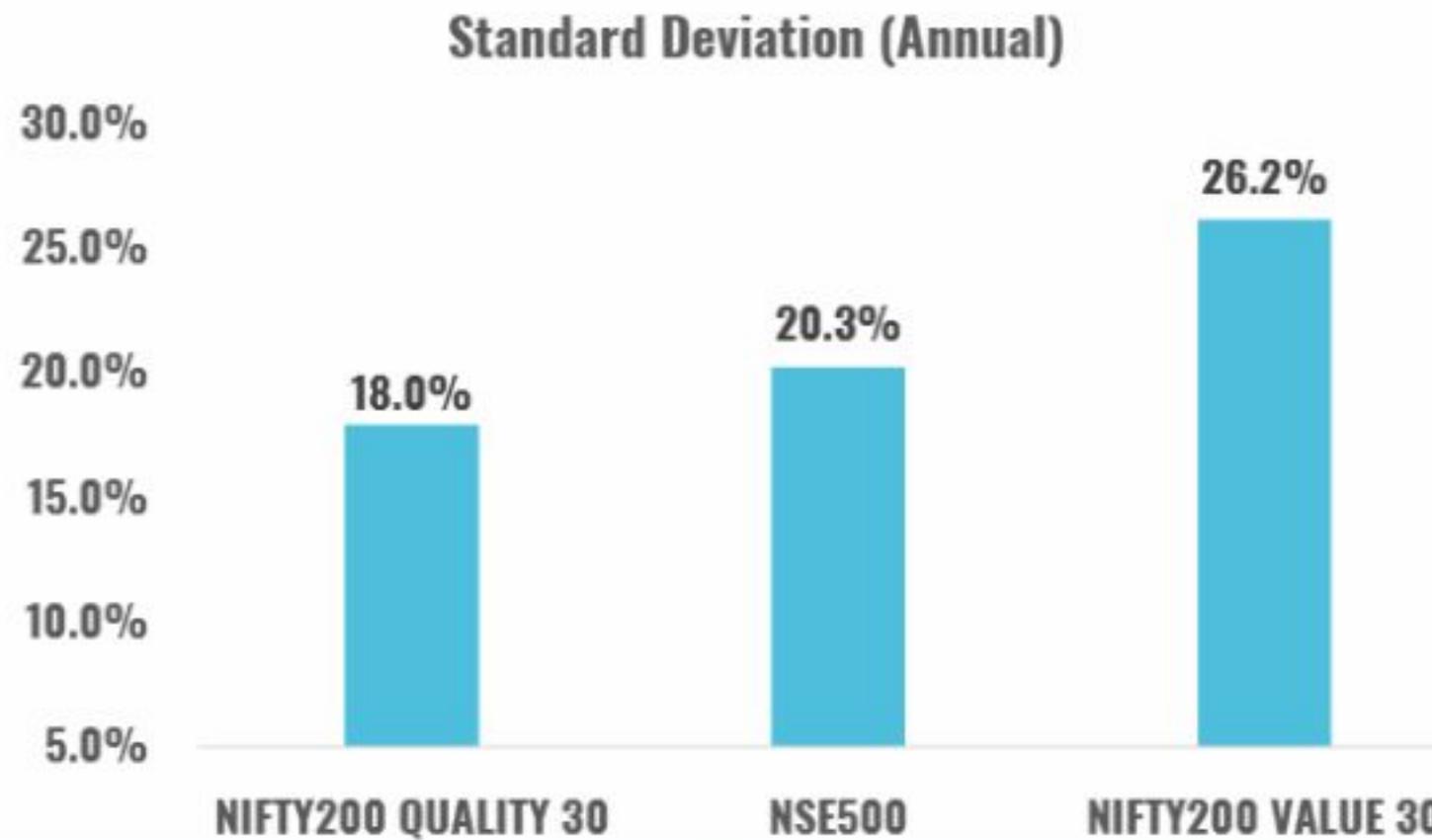
## Relatively Better Peace of Mind: Lower Drawdown



**The Nifty 200 Quality 30 Index has weathered every major crisis better than broad market indices, aiming to safeguard investor wealth through volatility.**

Source MFI Explorer, NSE India, BSE Limited. GFC (01/01/2008 to 27/10/2008), Taper Tantrum Crisis (1/01/2013 to 28/06/2013), Yuan Devaluation & Brexit (03/08/2015 to 29/02/2016) and Covid (19/02/2020 to 23/03/2020). Past performance may or may not be sustained in the future. The above graph is used to explain the concept and is for illustration purposes only and should not be used for the development or implementation of an investment strategy.

## Relatively Better Peace of Mind: Lower Volatility



The Nifty 200 Quality 30 Index exhibits lower volatility.

Source [www.niftyindices.com](http://www.niftyindices.com). The above graph is used to explain the concept and for illustration purposes only and should not be used for the development or implementation of an investment strategy.

# Why Invest Now? Quality May Stage a Comeback



Historically, extended phases of 3-year rolling underperformance of Quality compared to Value have often been followed by strong rebounds.

Source : MFI explorer, Data for the period April 2005 – Dec 2025. The above is for illustration purpose only. It should not be construed to be indicative of scheme performance in any manner. Past performance may or may not be sustained in future.

## Investing Philosophy (1/2)



Companies with high quality of operations may generate more wealth over the long term, than companies with mediocre or poor quality of operations.



Aims to maintain long-term perspective. Quality advantages and better returns bloom over years, not months.



Leopard can't change its spots, avoid promoters with questionable ethics.



If the business doesn't generate cash, the stock also won't.



A good company isn't always a good stock.

For detailed Investment strategy and asset allocation, refer Scheme Information Document (SID).

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## Investing Philosophy (2/2)

### What we won't do...



Buy a weak business simply because it's available cheap – often leads to value traps, not value creation.



Buy companies that cannot generate higher Return on Capital in steady state.



Buy companies growing fast by risking their balance sheet.



Buy turnaround stories if the company does not have any visible economic moat.

For detailed Investment strategy and asset allocation, refer Scheme Information Document (SID).

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# Portfolio Construction Process



# How Will We Select Stocks?

Our stock selection follows a disciplined framework built on multiple high-conviction parameters



**Widening Moat:** Companies widening their economic moat through greater scale, improving brand equity, technological innovation etc.



**Caterpillars:** Companies that have the makings of a future high-quality enterprise.



**Quality at Reasonable Price:** Companies operating in large markets that offer faster earnings growth than the broader economy, available at reasonable valuation.



**Mean Reversion:** Companies that have seen temporary deterioration in operating metrics or valuation multiples.

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# Spotting Caterpillars: Beyond Numbers

Marks of a Future Quality Business	What Fit 5-10 Years Back
Consistently high R&D investment in a promising product family	Divis, Biocon
Platform business, high network effect	Policybazaar, Zomato, CDSL
Large scale build-up in a business with scale advantage/high fixed cost	Airtel, Jio, Avenue Supermarts
Owner of a good brand, gaining share & launching more	M&M, TVS Motors

Source : Internal Research. The above is for illustration purpose only and may not form part of fund portfolio. The stock(s) / sector(s) mentioned in this slide do not constitute any recommendation and SBI Mutual Fund may or may not have any position in these stock(s)/sector(s). Please refer to Investment strategies and asset allocation in the Scheme Information Document (SID) for details.

# Case Study: Bharti Airtel

## 2017

- Airtel's stock had underperformed the market for the last 10 years. It appeared poor quality on historical numbers.
- However, it had the makings of a high-quality company. It had built a durable moat. It had the largest telecom network and best customer franchise, was the consistent market leader for the last 10 years. Scale is a moat in telecom.
- As industry consolidated, profit and earnings took wings.

## 2025: Compared to 2017

- Profit is up 10x
- Stock is up 7.5x



The above is for illustration purpose only. It should not be construed to be indicative of scheme performance in any manner. Period Jan 2017- Dec 2025. Past performance may or may not be sustained in future. The stock(s) / sector(s) mentioned in this slide do not constitute any recommendation and SBI Mutual Fund may or may not have any position in these stock(s) / sector(s). Please refer to Investment strategies and asset allocation in the Scheme Information Document (SID) for details.

## Why Invest in an Actively Managed Quality Fund

- Quality Benchmark (Nifty 200 Quality 30) ignores earnings growth potential of companies
  - It filters based on 3 factors: ROE, Debt to Equity and Historical Earnings Volatility
- Benchmark is purely number focused and backward looking. It ignores companies that have built a solid business but haven't ticked all the boxes yet. e.g. Airtel in 2017

Source : [www.nseindices.com](http://www.nseindices.com). For detailed investment strategy and asset allocation, refer Scheme Information Document (SID).

# About SBI Quality Fund

## Type of Scheme

SBI Quality Fund is an open-ended equity scheme following Quality Factor theme

## Investment Objective

The investment objective of the scheme is to generate long-term capital appreciation by investing in Equity & Equity related instruments of companies identified based on the Quality Factor. However, there is no guarantee or assurance that the investment objective of the scheme will be achieved.

## Instruments

## Indicative allocations (% of total assets)

### Minimum

### Maximum

**Equity & Equity related instruments (Including REITs) identified based on the Quality Factor**

80

100

**Other Equity & Equity related instruments (Including REITs)**

0

20

**Debt Securities (including securitized debt & debt derivatives) & Money Market Instruments**

0

20

**Units issued by InvITs**

0

10

For more details and detailed asset allocation, refer Scheme Information Document (SID).

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# SBI Quality Fund: Fund Facts



**Scheme Name**  
SBI Quality Fund



**NFO Open Date:** January 28, 2026  
**NFO Close Date:** February 11, 2026



## Plans & Options

Regular & Direct Plan; Both plans provide two options – Growth Option and Income Distribution cum Capital Withdrawal (IDCW) Option – “IDCW Re-investment” and “IDCW Pay-out” & “IDCW Transfer”



## Application Amount

Minimum Investment Amount : ₹5000/- and in multiples of ₹1 thereafter;  
Additional Purchase Amount: ₹1000/- and in multiples of ₹1 thereafter



**Benchmark**  
Nifty200 Quality 30 TRI



**Fund Manager**  
Mr. Anup Upadhyay



## Exit Load

For exit on or before 6 months from the date of allotment: 1%,  
For exit after 6 months from the date of allotment: Nil

## Disclaimer

This presentation is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units/securities. The views expressed herein are based on the basis of internal data, publicly available information & other sources believed to be reliable. Any calculations made are approximations meant as guidelines only, which need to be confirmed before relying on them. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions and estimates included here constitute our view as of this date and are subject to change without notice. Neither SBI Funds Management Limited, SBI Mutual Fund nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice.

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