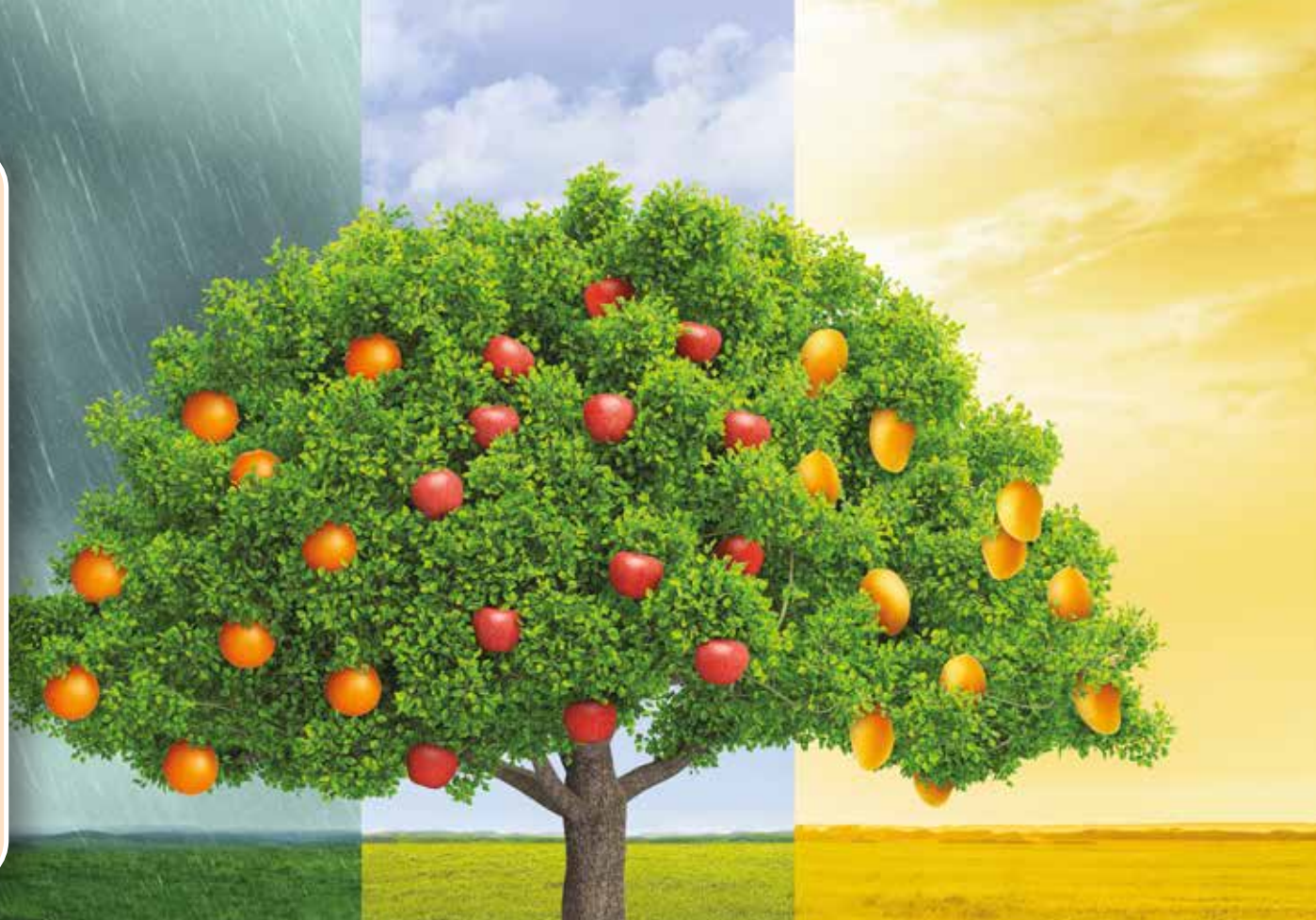


**INVEST IN A FUND
THAT AIMS TO DELIVER
IN EVERY SEASON.**

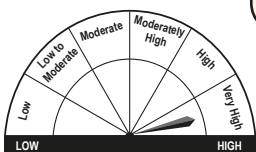
LAUNCHING

BARODA BUSINESS CYCLE FUND

(An open-ended equity scheme following
the Business Cycles theme)



NFO OPENS ON: 24TH AUGUST 2021 | NFO OPENS ON: 6TH SEPTEMBER 2021



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RISKOMETER

The scheme is suitable for investors who are seeking*

- Long term wealth creation
- Investment predominantly in equity & equity related securities, including equity derivatives in Indian markets with focus on riding business cycles through dynamic allocation between various sectors & stocks at different stages of business cycles in the economy.

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Preferred Partner



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

A large tree with a thick trunk and dense green foliage is the central focus. It is laden with various fruits: red apples, orange citrus fruits, and yellow-orange mangoes. The background is divided into three vertical panels: the left panel shows rain falling over a green field; the middle panel shows a clear blue sky over a green field; the right panel shows a bright yellow sunset over a golden field. A semi-transparent white banner with the text "BUSINESS CYCLE INVESTING" is overlaid across the middle of the image.

BUSINESS CYCLE INVESTING

What is Business Cycle



Secular Trend: Refers to market activities that unfold over long-time horizons, or that aren't influenced by short-term factors.

Business Cycle: Refers to the fluctuation of the economy between periods of expansion and contraction measured by various indicators like GDP growth, IIP, Interest rates, Inflation and other macroeconomic variables.

Tactical Trend: Refers to market pricing anomalies which are short term in nature

The business cycle, which encompasses the cyclical fluctuations in an economy over few years, is therefore a critical determinant of equity market returns & the performance of equity sectors.

Characteristics of Business Cycle Phases

Business Cycle has 4 distinct phases & there are certain indicators which can help indicate the change in the phase of a business cycle & present opportunities to invest.

EARLY CYCLE

- Credit begins to grow
- Profits grow rapidly
- Growth in Corporate Earnings
- Easy Monetary Policy



RECOVERY

MID CYCLE

- Strong Credit growth
- Peaked Growth in profits
- Rise in inflation
- Neutral Policy



GROWTH

LATE CYCLE

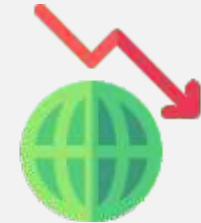
- Moderate Growth
- Tightening Credit
- Earnings under pressure
- Contraction in policy
- Inventories grow & sales growth drops



EXPANSION

RECESSION

- Activity levels fall
- Credit dries up
- Profits decline
- Policy eases
- Inventories & sales fall



CONTRACTION

The events in the life of a cycle shouldn't be viewed merely as each being followed by the next, but much more importantly as each causing the next. – Howard Marks.

Parameters to Identify Business Cycle

01

Macroeconomic Indicators

CAD, IIP, Fiscal Deficit, Interest Rates, Inflation, Credit Growth

02

Investment Indicators

Capex Investments, New Projects clearances

03

Global Indicators

Developed markets Growth & Policy outlook, China Policy Stance, Monetary Policy Stance by Central Bankers

04

Business & Consumer Confidence Indicators

Purchasing Manager Index, Business Confidence Index, Sales of Consumer Discretionary products

The above list is illustrative & not exhaustive & does not constitute any recommendations . The AMC may change its views depending upon market scenario within the limits of the Scheme Information Document (SID).

A large tree with a thick trunk and a wide canopy of green leaves is the central focus. The tree is laden with various fruits: red apples, orange citrus fruits, and yellow-orange mangoes. The background is divided into three vertical panels: the left panel shows a dark, rainy sky with white streaks of rain falling over a green field; the middle panel shows a clear blue sky with a few white clouds over a green field; the right panel shows a bright, golden sunset or sunrise over a yellow field. A semi-transparent white horizontal band runs across the middle of the image, containing the title text.

SECTORAL IMPACT OF BUSINESS CYCLE

Sectors Conducive for Investments in Business Cycle Phase



Early Cycle Phase

- Consumer Cyclical
 - Automotive
 - Housing
 - Entertainment
 - Retail
- Consumer Durables
- Capital Goods
- Infrastructure
- Basic Materials
- Metals
- Financial Services



Mid Cycle Phase

- Industrials
 - Engineering
 - Defence
 - Logistics
- Information technology
- Basic Materials
 - Steel
 - Paints
 - Cement



Late Cycle Phase

- Energy
- Utilities
- Healthcare
- Consumer staples

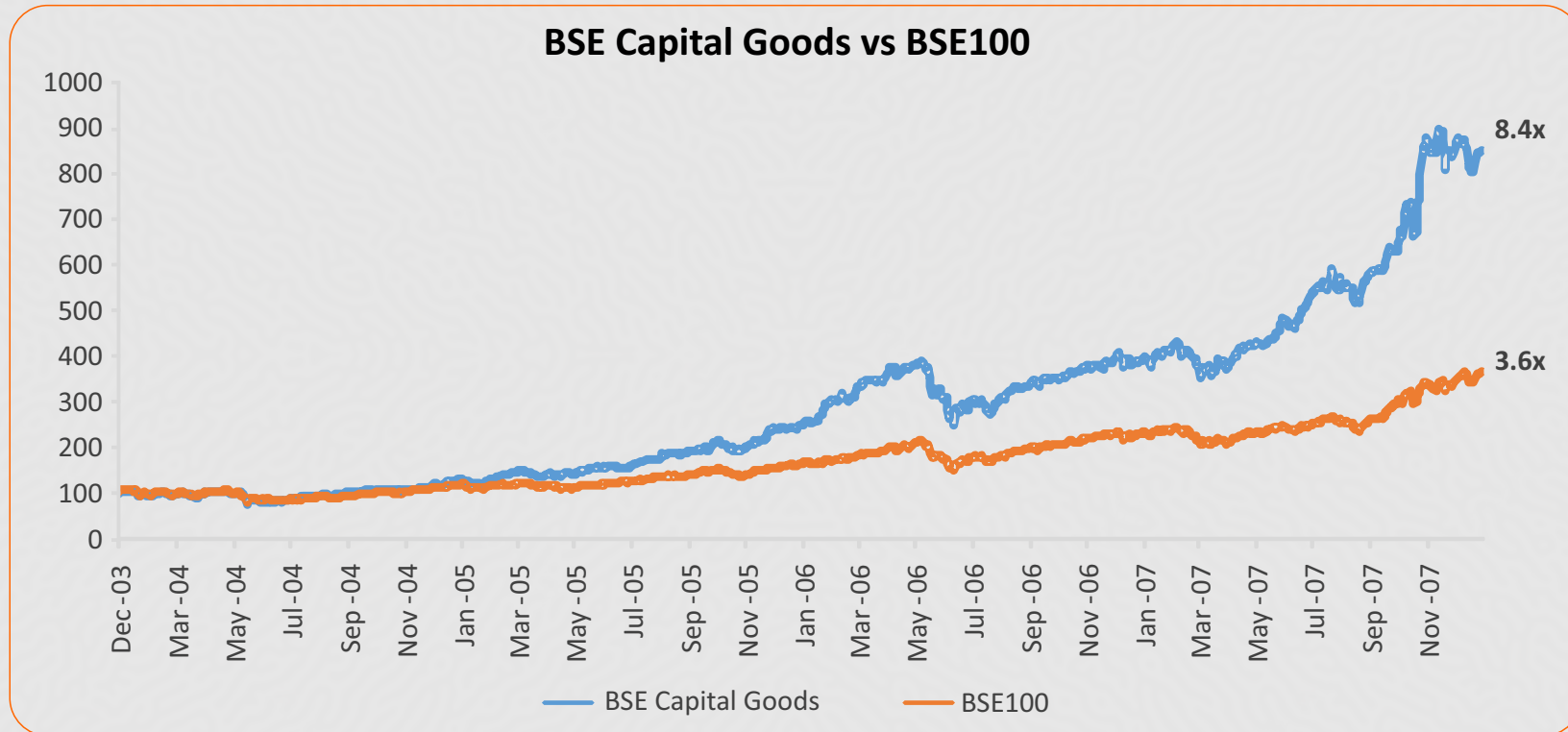


Recession Phase

- Consumer staples
 - Food & Beverages
 - Tobacco
- Utilities
- Healthcare

Sectoral impact of the Business Cycle - Growth Phase

Strong Global & Domestic Growth (2003-07)



CYCLICAL SECTOR : CAPITAL GOODS

India's GDP growth improved significantly from average 4.5% during CY 2001-03 to average 7.9% during CY 2003-08, which resulted in a pickup in Capex, leveraging cycle and infrastructure investments with a low interest rates environment.

Cyclical sectors tend to perform well even when the economy is in a Growth phase.

Note : Data has been rebased to 100 for graphical representation.

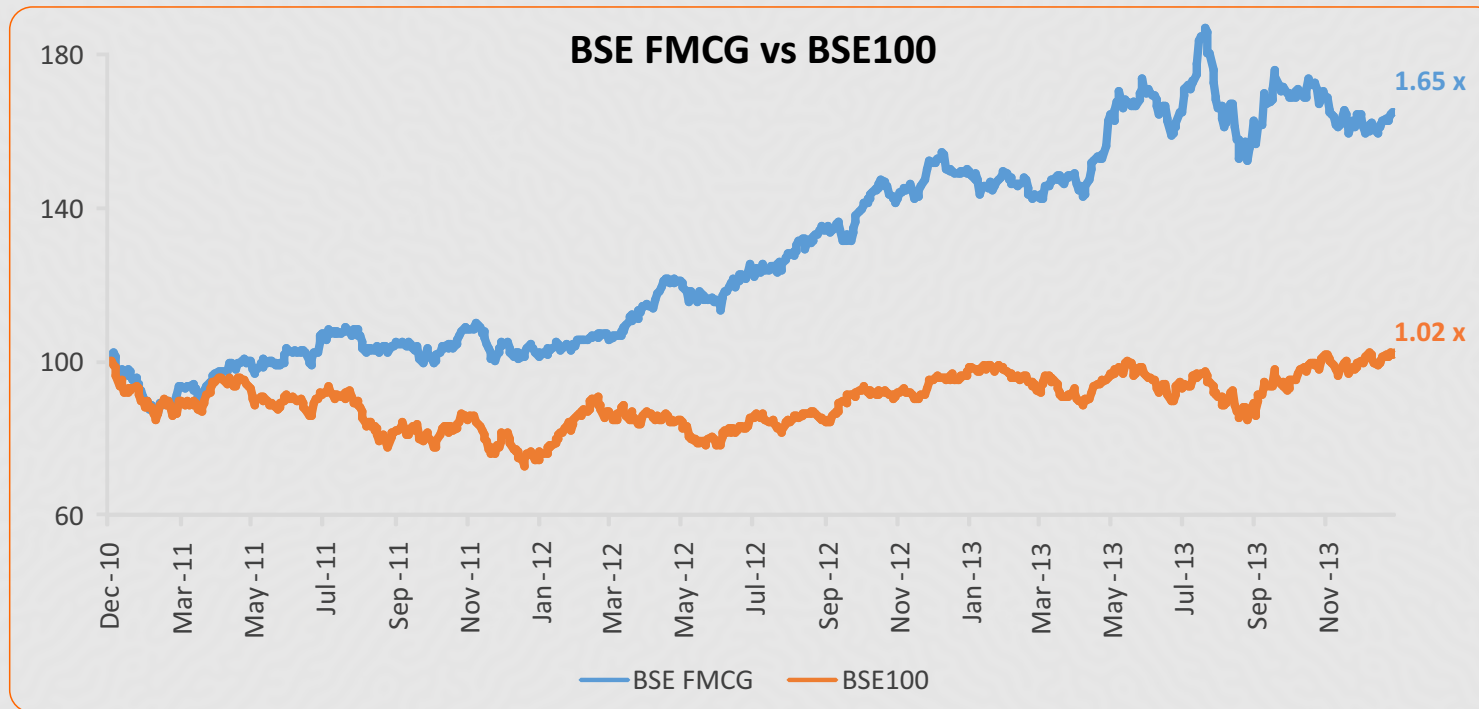
Capex : Capital Expenditure.

Source : The sectors mentioned in the slide does not constitute any recommendation & Baroda Mutual Fund may /may not have a future position in these sectors.

Past performance may / may not sustain in future.

Sectoral impact of the Business Cycle - Contraction Phase

Weak Global & Domestic Growth (2010–13)



DEFENSIVE SECTOR : FMCG

India GDP growth slowed down to average of 5.7% during 2011-13 vs 8.5% growth in 2010

Inflation in India moved up post Global Financial Crisis and remained high during this period

Defensive sectors tend to perform well even when the economy is in a contraction or recession phase.

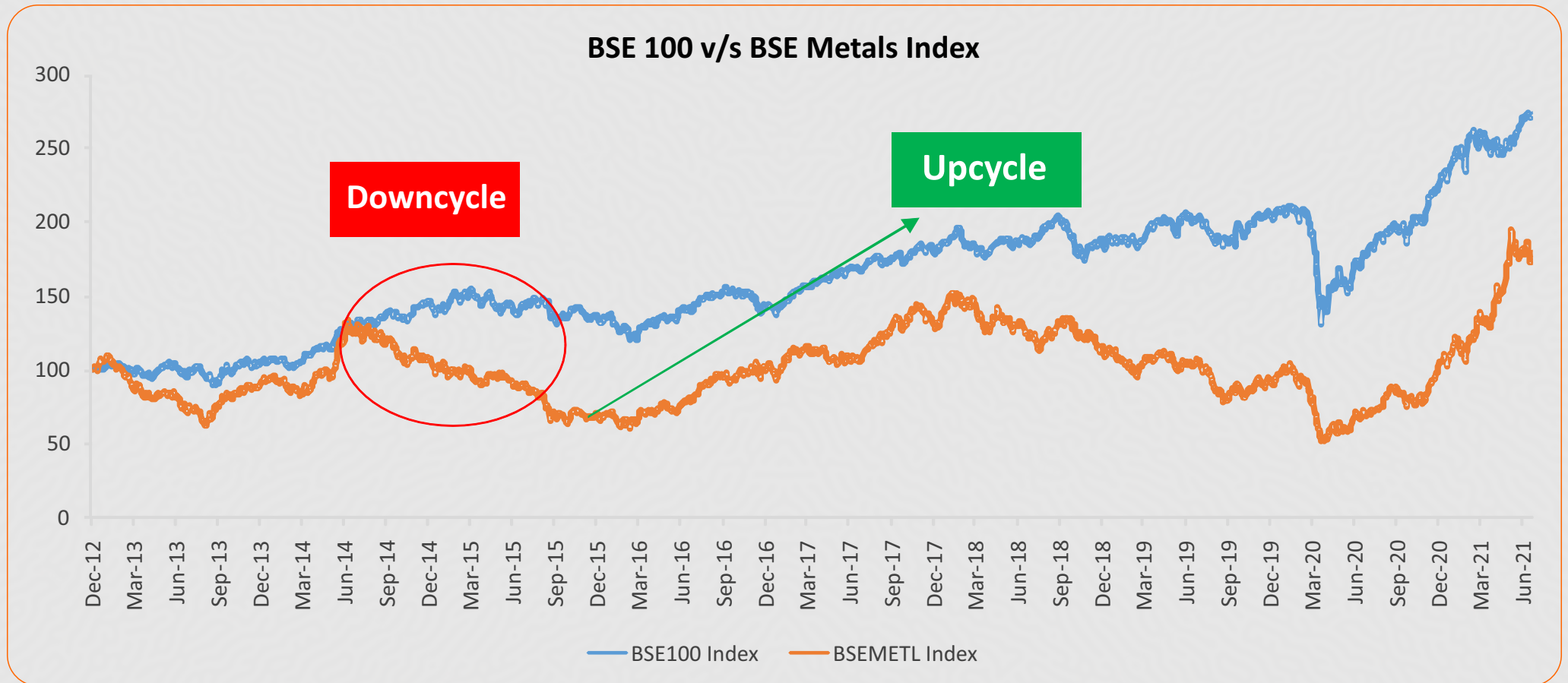
Note : Data has been rebased to 100 for graphical representation.

GFC : Global Financial Crisis.

Source : The sectors mentioned in the slide does not constitute any recommendation & Baroda Mutual Fund may /may not have a future position in these sectors.

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Identifying Business Cycle - Steel Sector



Metal sector shows significant cyclicality based on demand and global steel prices.

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CASE FOR BUSINESS CYCLE INVESTING

Case for Business Cycle Investing



- ✓ Strong consumer demand across sectors as economy reopens.
- ✓ Record low interest rates, driving increased investor participation in equities.

- ✓ Improving GDP growth rate.
- ✓ Low interest rate scenario with Central banks supporting Growth.



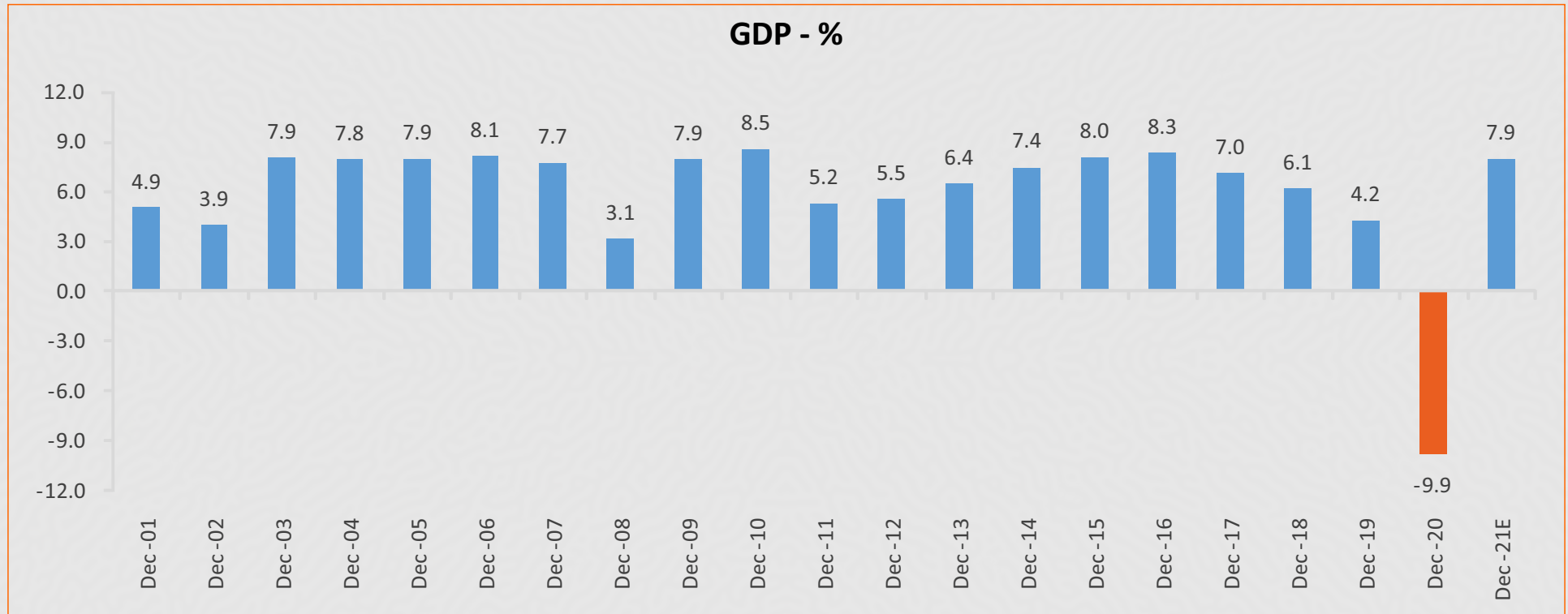
- ✓ Increased capacity utilization.
- ✓ Capex revival.

- ✓ Robust earnings growth after a lost decade.
- ✓ Nifty EPS is expected to grow ~25% CAGR from FY21-23, vs ~7% CAGR in last decade



Domestic economy is showing initials signs of recovery, although the pace of recovery has been relatively slow. However, there are several investment opportunities which are emerging & the Business Cycle Fund would capitalize on them.

GDP rebounding strongly as economy reopens...

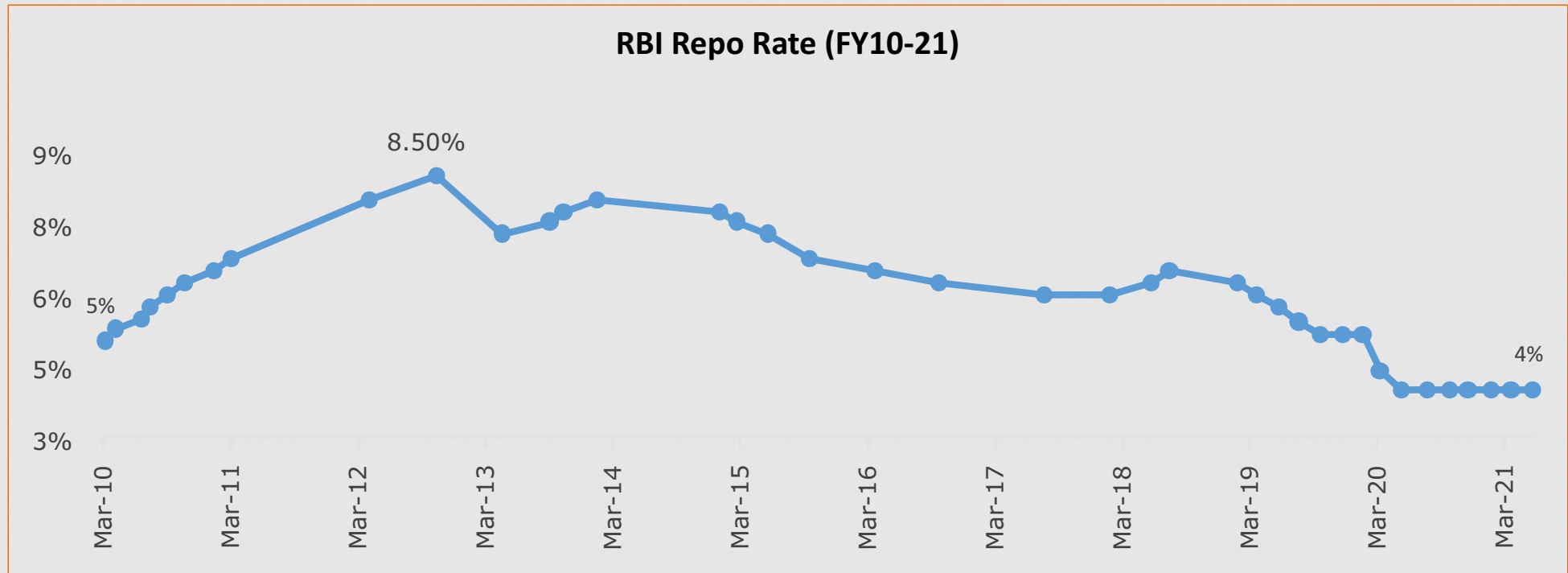


- India registered a GDP growth of -9.9% for CY 2020 & 1.6% YoY in Q4 FY21 higher than the market expectations of 0.5% YoY.
- One of the main reasons for the fall in GDP growth last year was due to the fall in consumption, especially private consumption due to the pandemic.
- However, this year, there are signs of economy coming out of de-growth phase & a sharp rise is expected due to low base effect and the GDP growth.

Source : Bloomberg

GDP shown in the above table indicates the Real GDP which is inflation adjusted GDP.

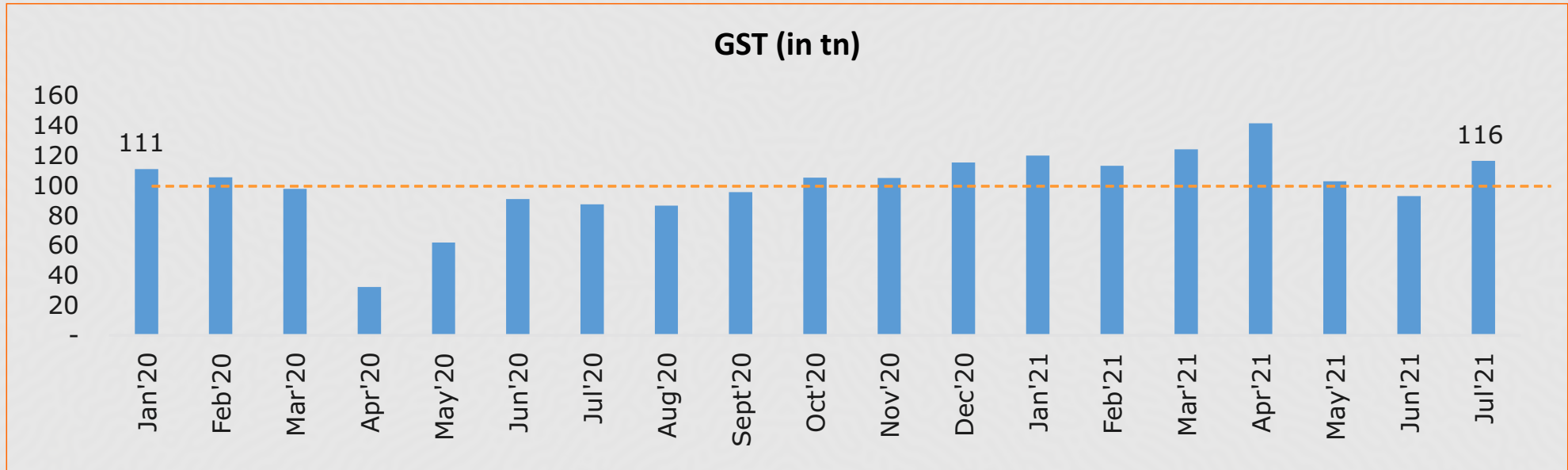
Aided by record low interest rates



- As the economy gradually gains foothold in the aftermath of the receding impact of the second wave, RBI has indicated greater confidence in the resilience of the Indian economy while being cognizant of the inflation risk.
- RBI has kept the Repo rate unchanged at 4% in its August'21 Monetary policy & exhibited its commitment to provide continued policy support which is vital for a durable growth revival.

As reflected in sharp jump in GST collections

GST collections kept crossing the 1 Trillion mark across 2020 - 21



- High GST collections would result in Government providing more stimulus to enhance the economic recovery.

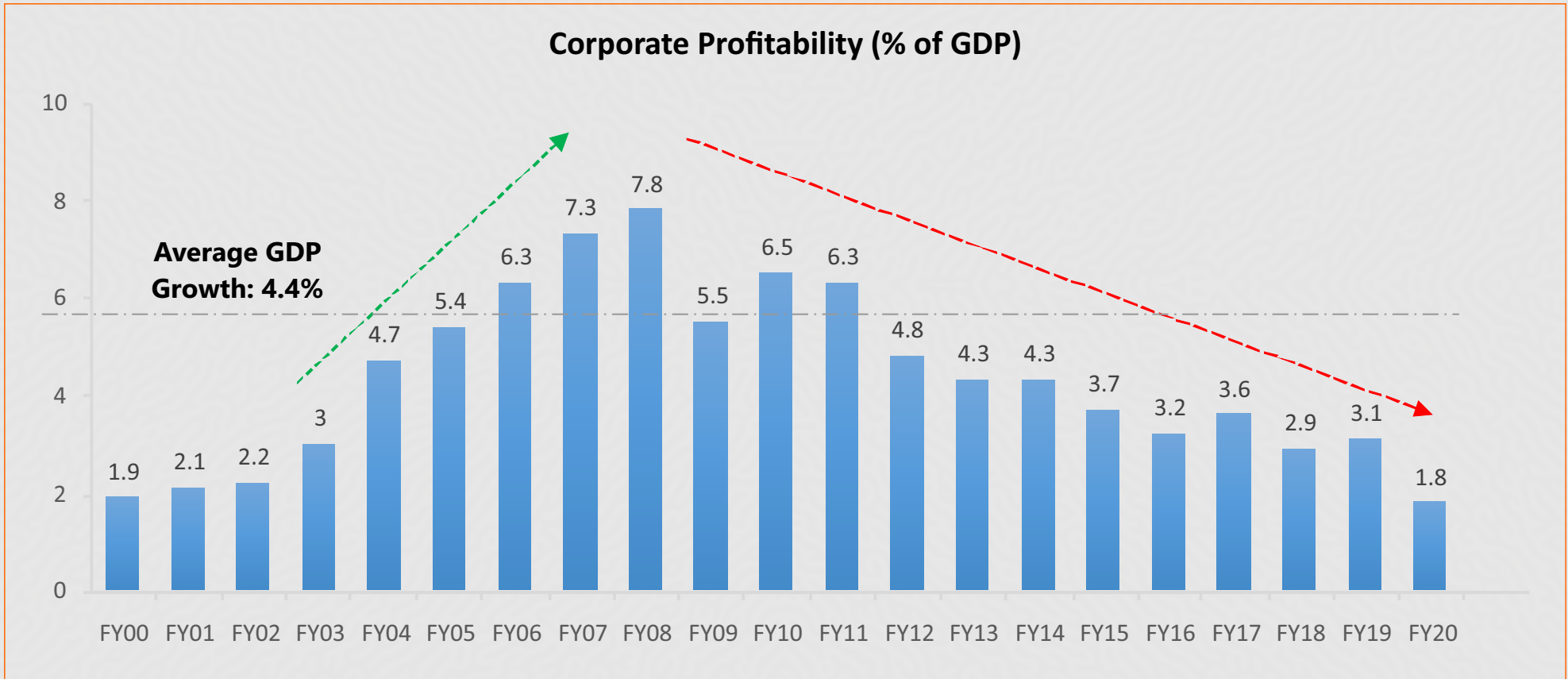
Source : <http://gstcouncil.gov.in/gst-revenue>

GST : Goods & Services Tax.

The above is just an illustration of past data, the same may or may not repeat in future.

Corporate profitability set to normalize...

Long term trends in Corporate Profitability



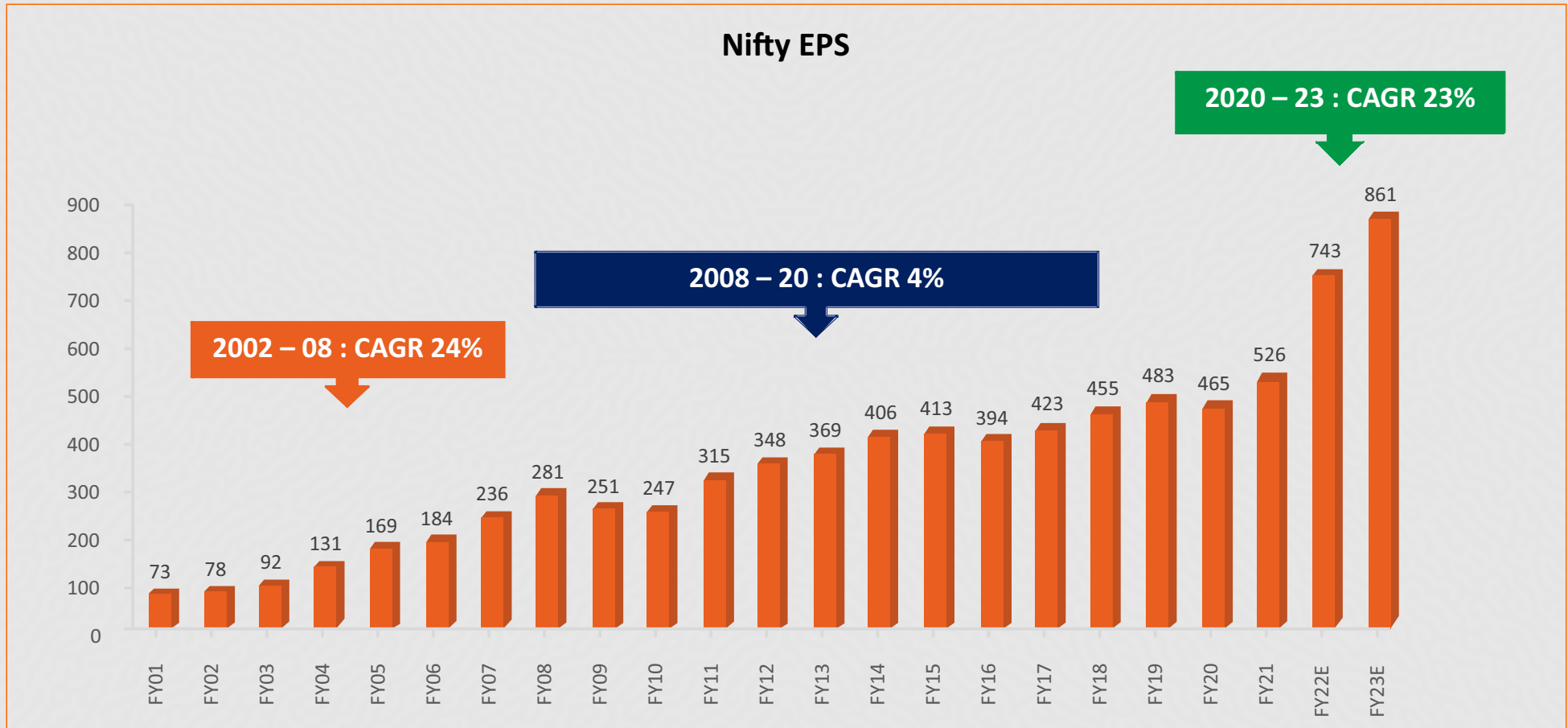
The rapid surge in profitability between FY03 and FY08 was entirely driven by higher investments, while the decline in the immediate period post-GFC (FY09-13) was led by higher household savings and wider Current account deficit (CAD).

Corporate profitability aided by rising consumer demand and low interest rates.

Source : MOFSL; Profitability is based on PAT nos.; GFC stands for Global Financial Crisis.

Past performance may / may not sustain in future.

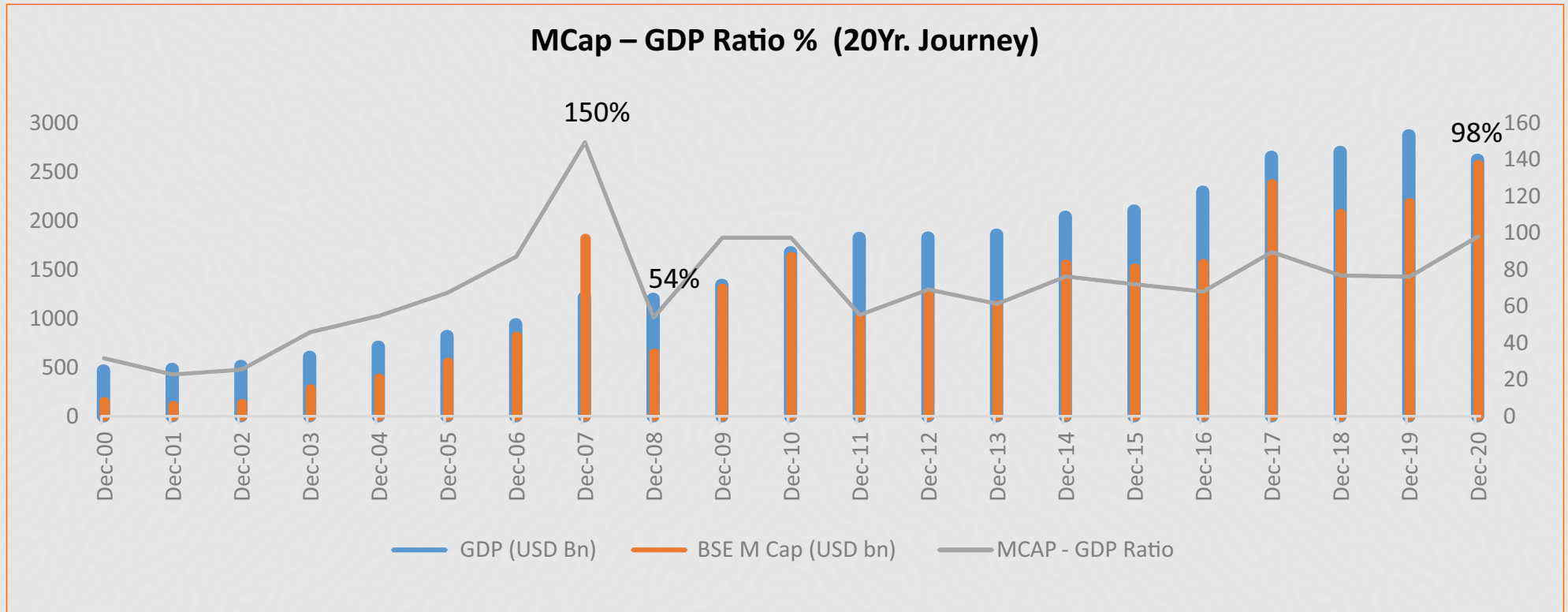
Nifty EPS set to double in 3 years



- Propelled by strong consumer demand across sectors, record low interest rates and PLI incentives, earnings are set to grow 2x in next 3 years.

With domestic recovery on the anvil, we believe we are in the Early recovery phase & believe investments in Domestic cyclicals like Consumer Discretionary, Metals, Infrastructure sectors will benefit from this.

MCap to GDP rises but is well below the previous peak



- The Indian equity market continues to race ahead of macroeconomic fundamentals. While the Indian economy recorded its worst performance in 70 years last fiscal, the market capitalization of listed equities has grown to an all-time high.
- High valuations are due to the contraction of economy at a time when markets made robust gains. While markets have rallied, Market Cap to GDP is nearing 100% against 150% in CY 2008.

Source : Bloomberg . The data shown in the above graph is taken on historical basis & they are in USD bn terms .

Mcap stands for Market capitalization.

Past performance may / may not sustain in future.

Business Cycle Investing - Key Differentiators

1) **Top-Down Approach**

Aims to focus on Macro indicators for sector allocation.

2) **Wind Shield Approach**

Aims to focus on forward indicators rather than historical data.

3) **Flexible Approach**

Aims to have exposure to a set of sectors / themes which are beneficiaries from the economic recovery & is not restrictive in its investment approach.

4) **First Mover Advantage**

Based on the lead indicators, opportunities are identified well ahead in time & investment decisions are made.

5) **Agility**

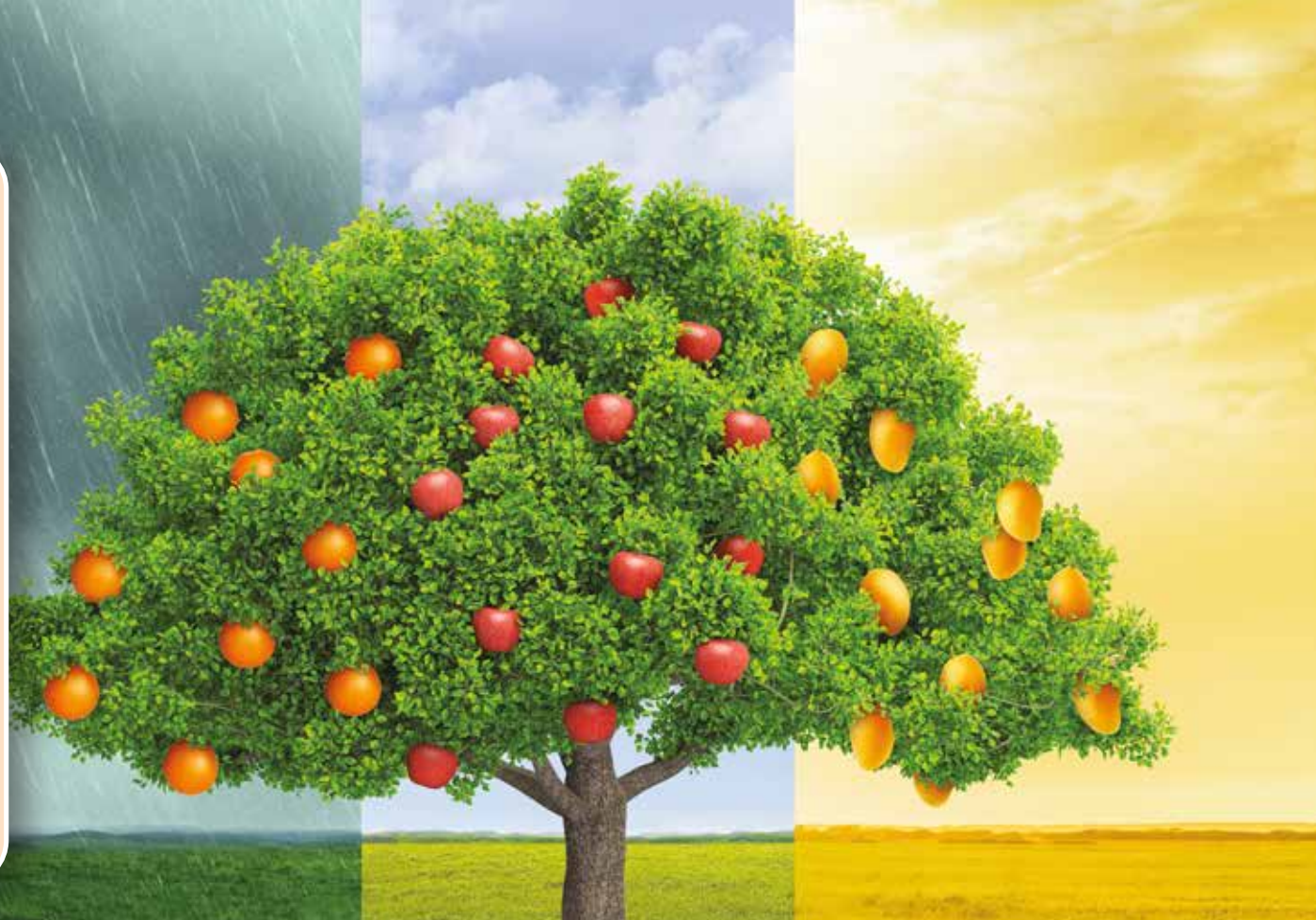
Investments across sectors / themes are not static in nature & are rotated based on business cycle phase.

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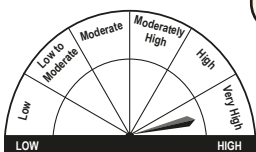
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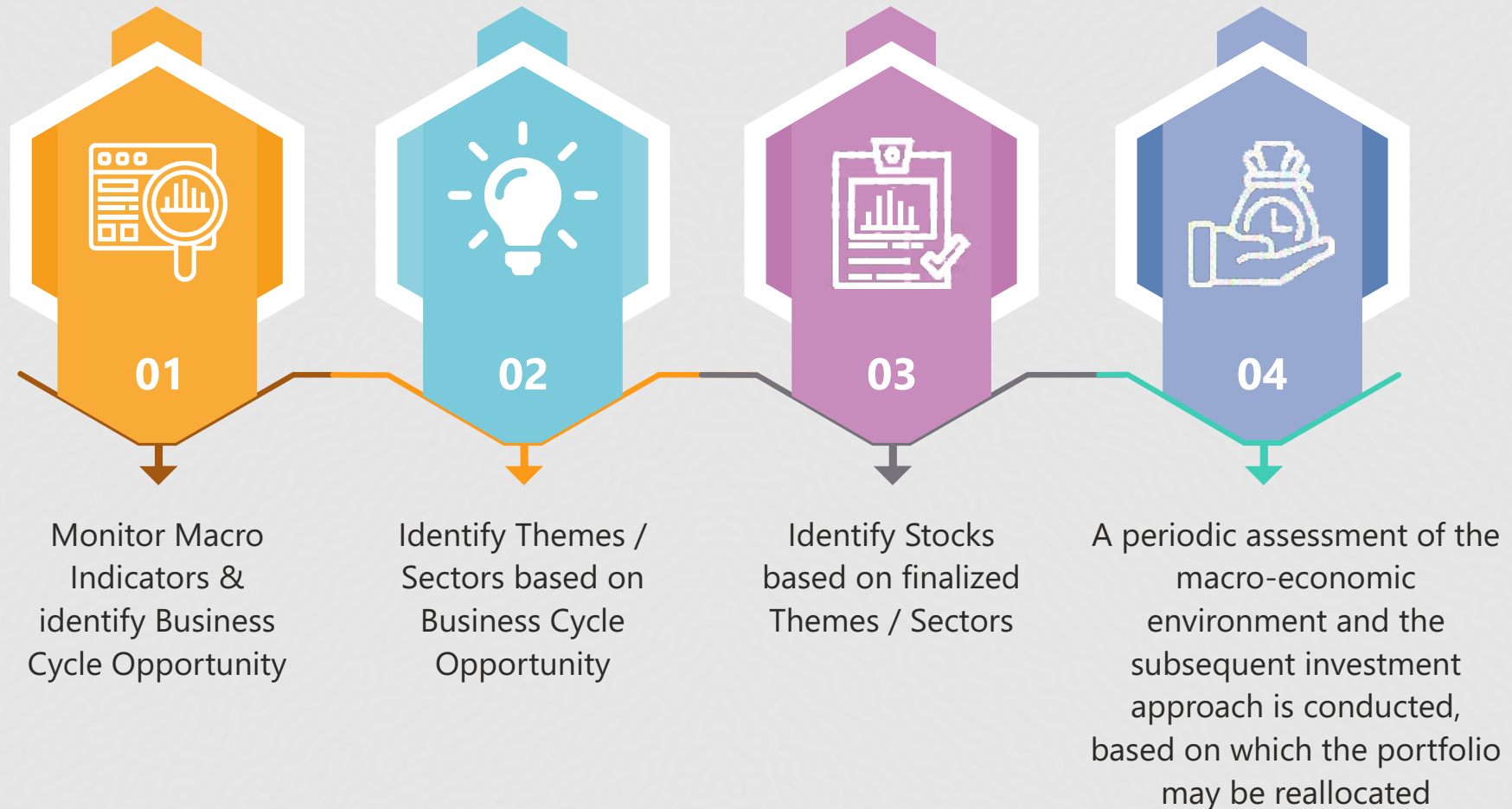
Preferred Partner



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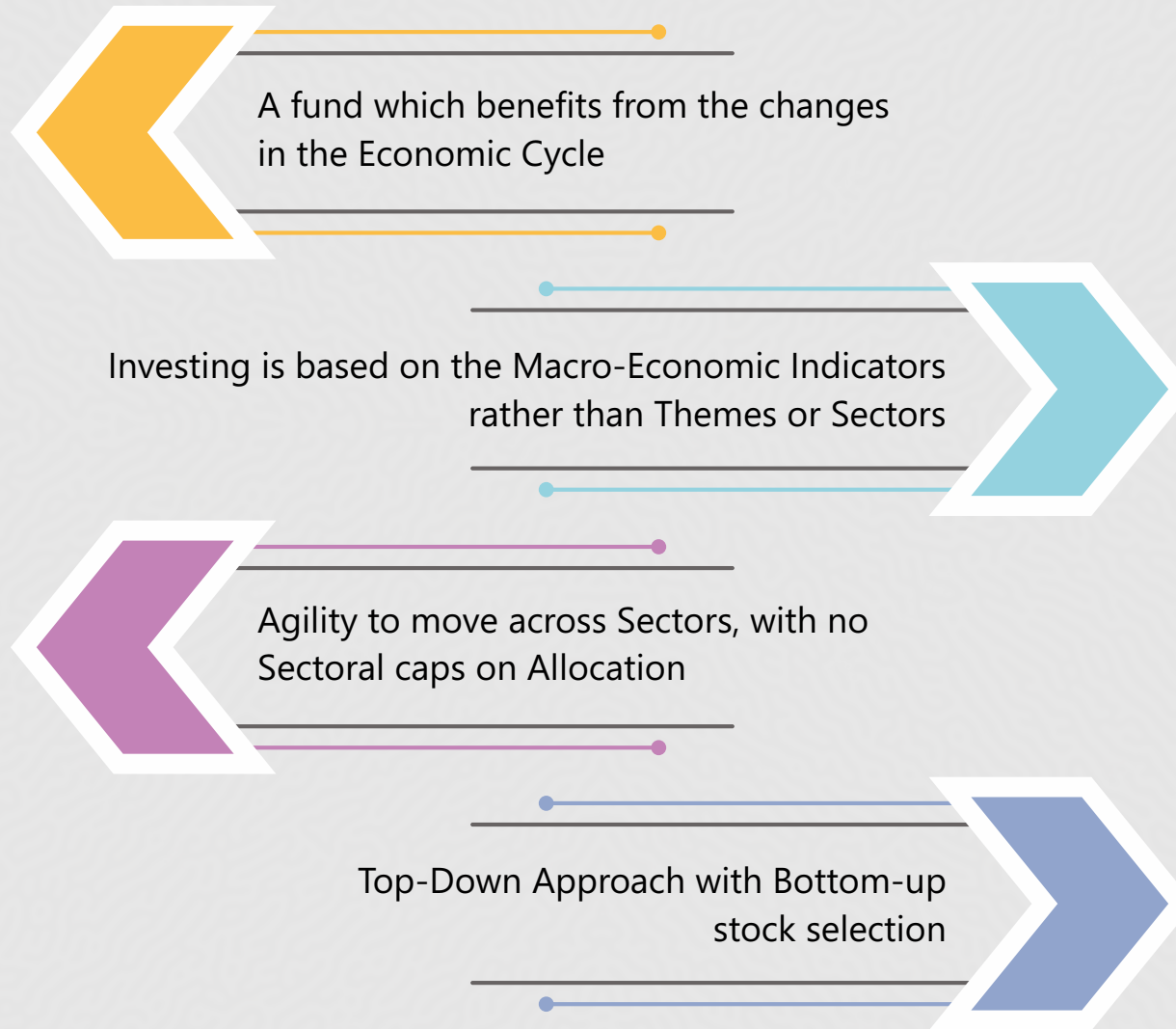
Baroda Business Cycle Fund - Investment Process

Top-Down Approach in Investing



The fund managers reserves the right to modify or change the investment approach according to the market conditions within the investment objective, asset allocation, investment strategy of the Scheme. Kindly refer SID for complete details.

Baroda Business Cycle Fund - Key Features



The investments of the fund will be within the limits of the SID. Kindly refer SID for complete details

Baroda Business Cycle Fund - Fund Suitability



Investors aiming to benefit from strategic fund positioning based on business cycle phase



Investors aiming to benefit from economic recovery over next few years



Investors aiming to add style diversification to their portfolio



Investors aiming for wealth creation through a fund which endeavors to provide higher alpha & better risk adjusted returns over long term

Baroda Business Cycle Fund - Key Focus

Sector selection based on the economic phase

Higher sectoral weights & well diversification within

Industry Analysis + Security research

Infrastructure



Metals



Pharma



Consumer Discretionary



Information Technology



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Baroda Business Cycle Fund - Sectoral Outlook

Sector	Outlook
Cement	<ul style="list-style-type: none"> • Government's thrust on infrastructure and improved demand from the housing segment could lead to incremental demand which may be higher than the incremental capacity additions. • Capacity utilization is set to increase. • Increased pricing power to the companies may lead to better profitability.
Consumer Discretionary	<ul style="list-style-type: none"> • Shift from unorganised to organised would result in better growth for the durables companies. • Recovery trade, post pandemic, in sectors like retail, alcoholic beverages, entertainment, travel etc, are likely to see sustained demand.
Information Technology	<ul style="list-style-type: none"> • Global corporates are undertaking business transformation initiatives leading to multi year high Technology spends. • Corporates are shifting workload to clouds which is driving strong demand for IT services companies.
Infrastructure	<ul style="list-style-type: none"> • Governments focus on infrastructure creation, faster approval and clearances of projects would lead to order book growth for the companies. • Faster execution of the order books would result in lower stress on balance sheets which had been a cause of concern historically
Metals	<ul style="list-style-type: none"> • Global steel capacity utilisation is highest in last 20 years driven by higher Chinese steel demand • Stronger for longer steel cycle would help the steel companies deleverage faster and creating significant value for equity holders.
Pharmaceuticals & Healthcare	<ul style="list-style-type: none"> • Indian Pharma and Healthcare companies are showing signs of improvement due to increased focus on healthcare post pandemic and are catalysing the demand. • Many companies have resolved regulatory compliance issues and improvement in exports is expected. • China Plus One strategy also offers scope for many Chemicals and API* manufactures in India.

*API - Active Pharmaceutical Ingredient.

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Baroda Business Cycle Fund - Fund Characteristics

Scheme Type	An open-ended equity scheme following the Business Cycles theme
Investment Objective	The investment objective of the Scheme is to generate long term capital appreciation for investors by investing predominantly in equity and equity related securities with a focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy. However, there is no assurance that the investment objective of the Scheme will be achieved.
NFO Period	Open date : 24 th August 2021 Close date : 6 th September 2021
Plans	Regular & Direct
Options	<ul style="list-style-type: none"> • Growth Option (default option in case no option is specified by investor) • Income Distribution Cum Capital Withdrawal Option (ICDW): <ul style="list-style-type: none"> ▪ Pay-out of Income Distribution Cum Capital Withdrawal Option. Re-investment of Income Distribution. ▪ Cum Capital Withdrawal Option (default sub-option in case no sub-option specified by investor).
Benchmark	BSE 500 TRI
Fund Manager	Sanjay Chawla (Chief Investment Officer), Abul Fateh (Sr. Equity Analyst and Fund Manager) and Pratih Krishnan (Sr. Equity Analyst & Fund Manager) (Dedicated Fund Manager for overseas investments).
Loads	Entry Load – Not Applicable Exit Load – 1) Redemption/ switch out of units up to 10% of the units allotted before 1 year from the date of allotment: NIL. 2) For Redemption/switch out of units within 1 year from the date of allotment: 1% of applicable NAV. 3) For redemption/switch out of units after 1 year from the date of allotment : NIL.
Minimum Application Amount	Purchase : ₹5,000/- & in multiples of ₹1/- thereafter per application during the NFO period Addtl. Purchase : ₹1,000/- & in multiples of ₹1/- thereafter Re-purchase : No minimum amount.
SIP, SWP, STP	Facility available

Investment Capabilities

- Investment expertise across comprehensive range of asset classes & investment styles with a broad, deep and stable research platform.
- Experienced investments team constituting of 7 members with a combined experience of over 120 years of investing experience:
 - **Equity: 4- member team.**
 - **Fixed Income: 3- member team.**
- Defined & Robust Risk Management Processes.



Baroda Business Cycle Fund - Fund Managers



Sanjay Chawla - Chief Investment Officer

- Masters in Management Studies - BITS, Pilani.
- Over 30 years of experience in fund management, equity research & Management Consultancy.
- Previous experience - Birla Sun Life AMC as Sr. Fund Manager-Equity, SBI Capital Markets as Head of Research, Motilal Oswal Securities, IDBI Capital Markets, SMIFS Securities, IIT Invest Trust & Lloyds Securities in the equity research.



Abul Fateh - Fund Manager & Sr. Equity Analyst

- Masters Degree (Mathematics), Post Graduate Diploma in Securities Markets.
- Previous experience – GeeCee Investments , DBS Chola Mutual Fund), Parag Parikh Financial Services.



Pratish Krishnan - Fund Manager & Sr. Analyst (Dedicated Fund Manager for Overseas investments)

- B.Com , MMS (Finance).
- Previous experience – Antique Finance, Bank of America Merrill Lynch.

Baroda Business Cycle Fund - Fund Managers

- Baroda Asset Management India Limited (“**AMC**”), investment manager to Baroda Mutual Fund (“**Mutual Fund**”), is a wholly owned subsidiary of Bank of Baroda and is positioned to serve the varied asset management needs of investors in India through a range of equity, debt and money market offerings. The Mutual Fund has been working to create an operational and servicing platform well suited to the exacting requirements of our existing and potential investors.

Our Sponsor - Bank of Baroda



- Bank of Baroda is a 113 years old State-owned Bank, offering banking products and services to Large Industrial, SME, Retail & Agricultural customers across India and 22 other countries.
- Post the amalgamation of erstwhile Dena Bank and erstwhile Vijaya Bank , with Bank of Baroda the amalgamated entity/bank has emerged as the 2nd largest bank in India in terms of branch network and customers and 3rd largest bank in terms of lending capacity.
- The combined bank has over 140 million customers, 8544 branches, 10,033 ATMs & over 85000 employees** .

Contact Us

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0522 - 4314564, Fax: 044 – 28343539.

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Bangalore - 560 095 Phone: +91 9884078407.

Email: Info@BarodaMF.com | **Website:** www.Barodamf.com

To access your folio online : Logon to : <https://online.barodamf.com/online>

Toll Free Number: 1-800-267 0189

(Monday to Saturday between 9am to 6pm on all business days)

(On 2nd & 4th Saturday of the month between 9am to 6pm)

*Currently not an Investor Service Centre

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