



INVEST IN  
**INNOVATION.**  
INVEST IN  
**FUTURE.**

**PRESENTING**

**BARODA BNP PARIBAS INNOVATION FUND**

(An open-ended equity scheme investing in innovation theme)

**NFO PERIOD | 14<sup>TH</sup> - 28<sup>TH</sup> FEB, 2024**

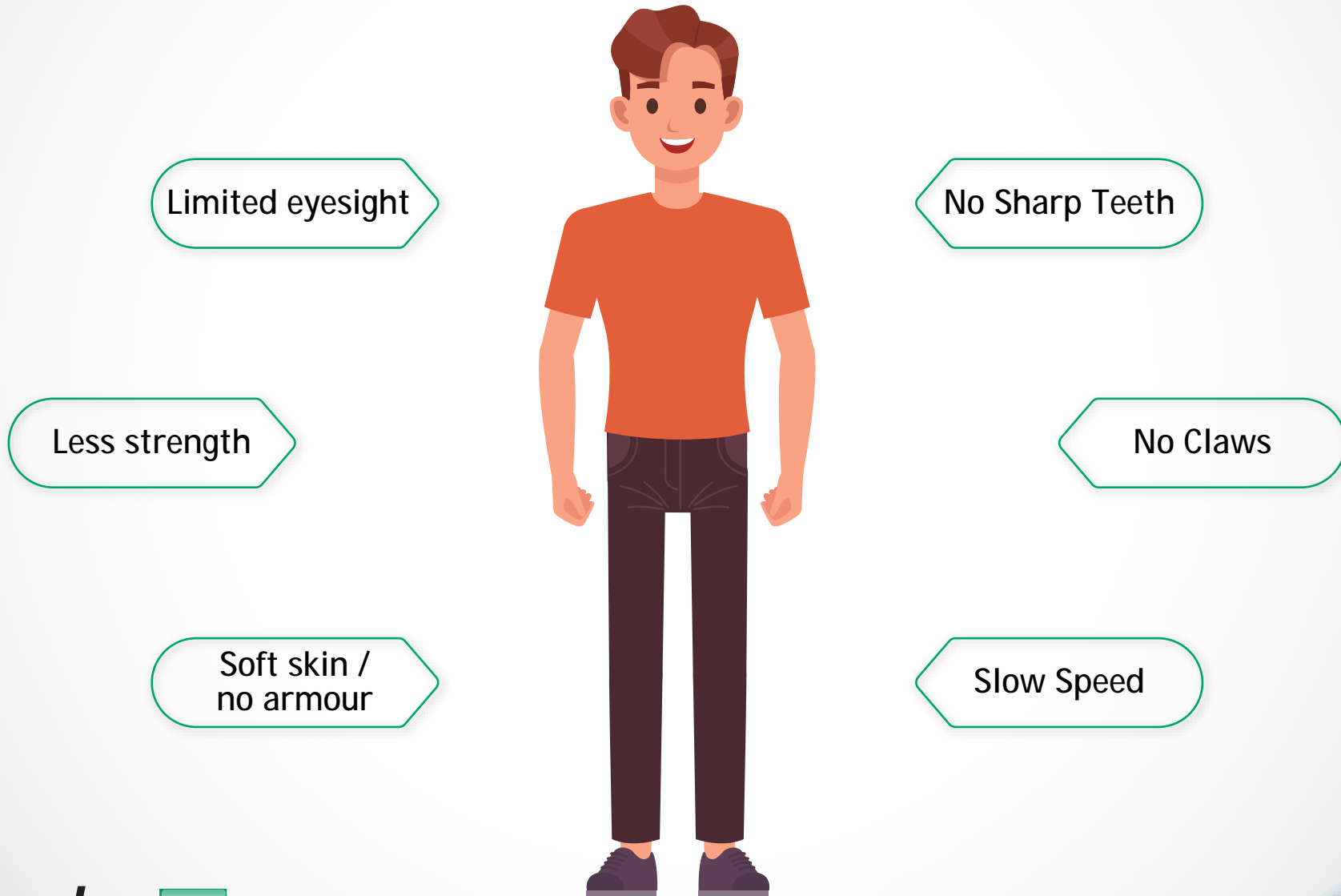
(Offer of units of Rs. 10 each during the New Fund Offer period and continuous offer for units at NAV based prices)

# What Has Helped Humans Survive?

# Early Humans were at the bottom of the Food chain...



Early humans had limited resources to survive compared to other animals.



# Innovation helped them survive



Through innovation, humans turned their weaknesses into strengths!



No Sharp Teeth

No Claws

Soft skin /  
no armour

Less strength

Slow Speed

Limited eyesight

Weapons for hunting

Forming groups

Developing hunting strategies

Agriculture

Developing language

Strategic Communications

Discovering fire

Communities

Language

Using animals to move faster

**Innovation Is Still Helping Us  
Not Only Survive But Also Thrive**

# Innovation in Daily Life



Then

Now

Alarm

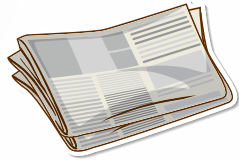
Daily News

Connecting with Friends and Family

Alarm

Daily News

Connecting with Friends and Family



Buying Groceries

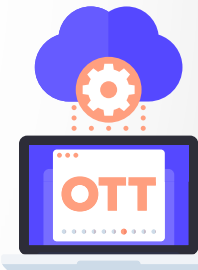
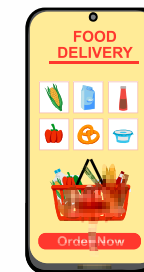
Lunch

Entertainment

Buying Groceries

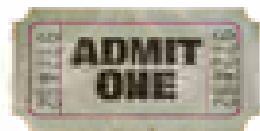
Lunch

Entertainment



Travel & Leisure

Travel & Leisure



# How it Started and Where is it going?



## FIRST WAVE

During the Industrial Revolution, the first factory emerged—a cotton mill in Britain.

## SECOND WAVE

As railways proliferated, their networks strongly influenced urban growth.

## THIRD WAVE

Henry Ford's Model T introduced the assembly line, revolutionizing the automotive industry.

## FOURTH WAVE

Aviation gains mass adoption on a global scale, providing a lever to economic integration.

## FIFTH WAVE

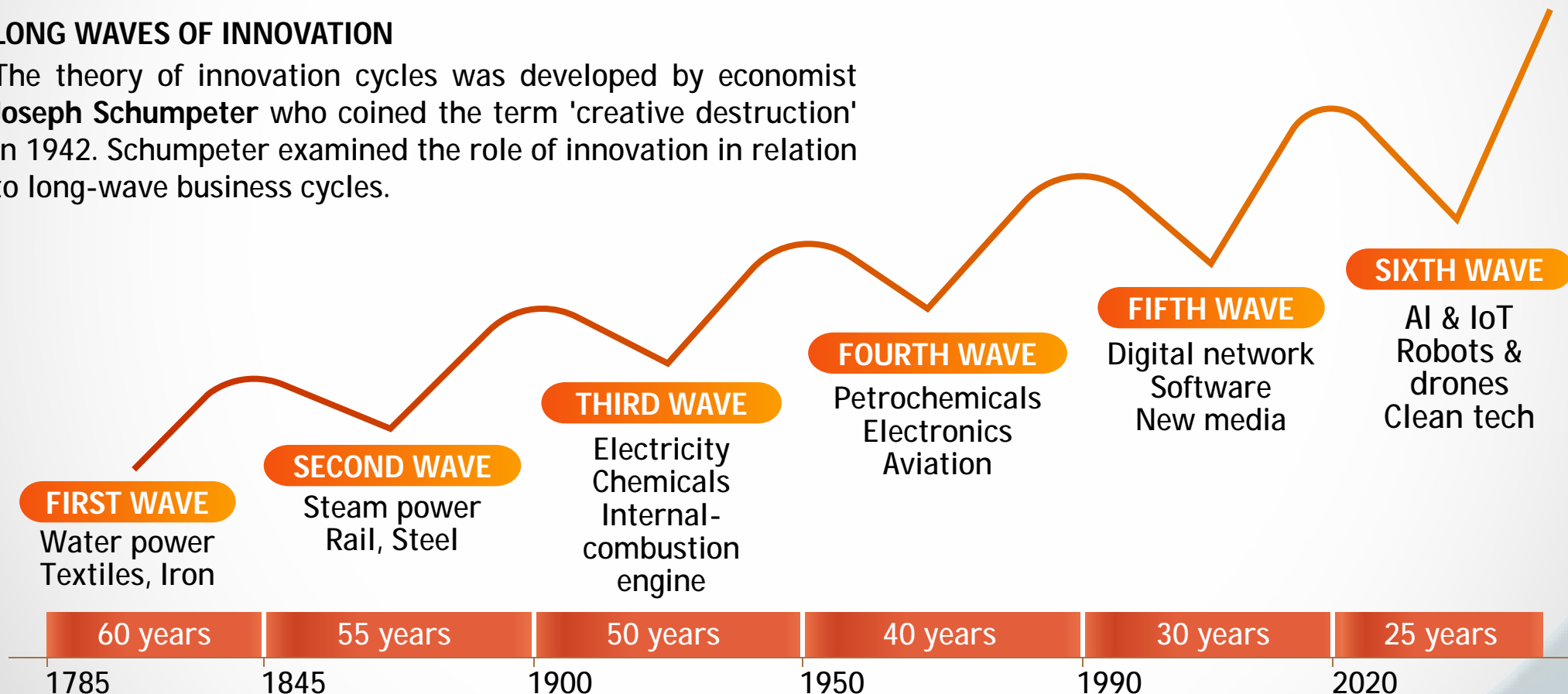
In 1990, 2.3M used the internet—by 2016 this reached 3.4B.

## SIXTH WAVE

As climate challenges intensify, clean tech may reshape business models and consumption patterns.

## LONG WAVES OF INNOVATION

The theory of innovation cycles was developed by economist **Joseph Schumpeter** who coined the term 'creative destruction' in 1942. Schumpeter examined the role of innovation in relation to long-wave business cycles.



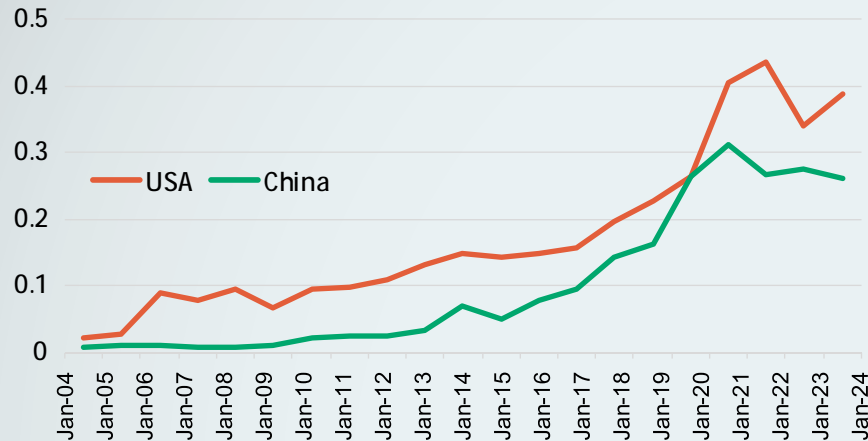
# Why Consider Innovation Fund Now?



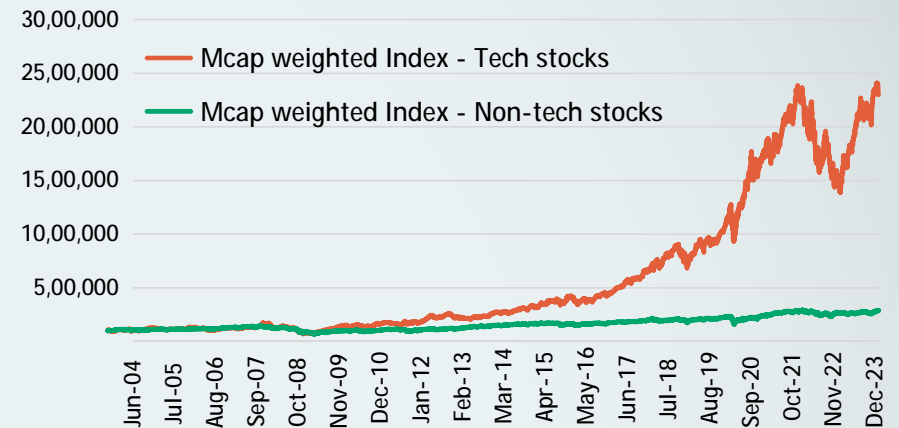
# Developed Economies: Innovation drove growth



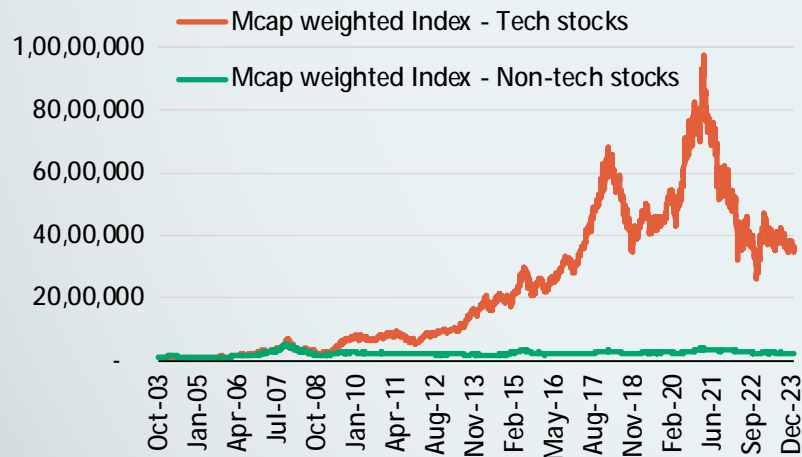
### Share of Tech in Top 100



### US Tech vs Non- tech stocks index



### China Tech vs Non - tech stocks index

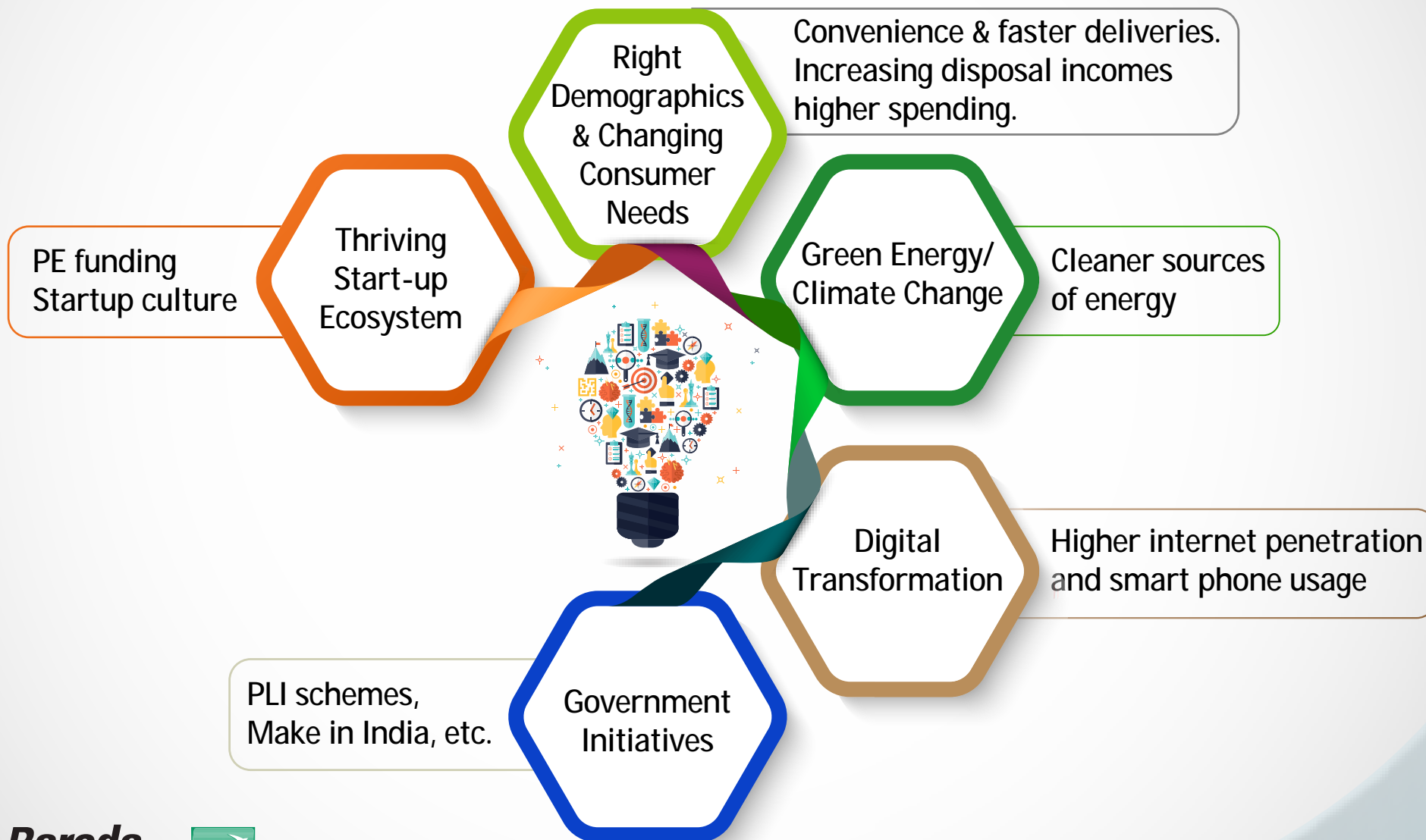


- As the market cap of New age / innovation grew, the gap between the stock prices of innovative companies and traditional businesses also grew.

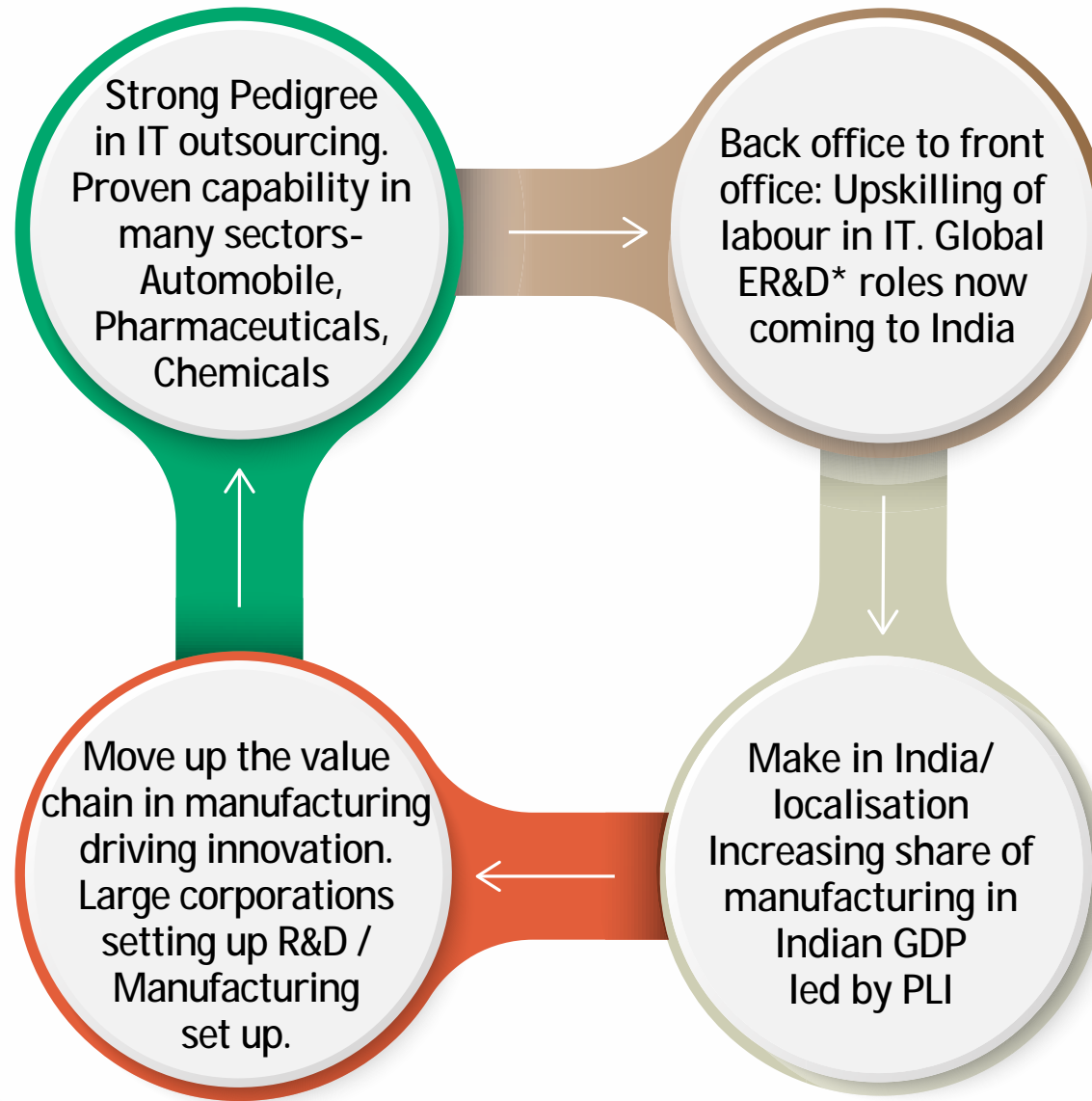
# Innovation Ecosystem in India



With GDP per capital rising 6x in 25 years, India is at an inflection point of Innovation



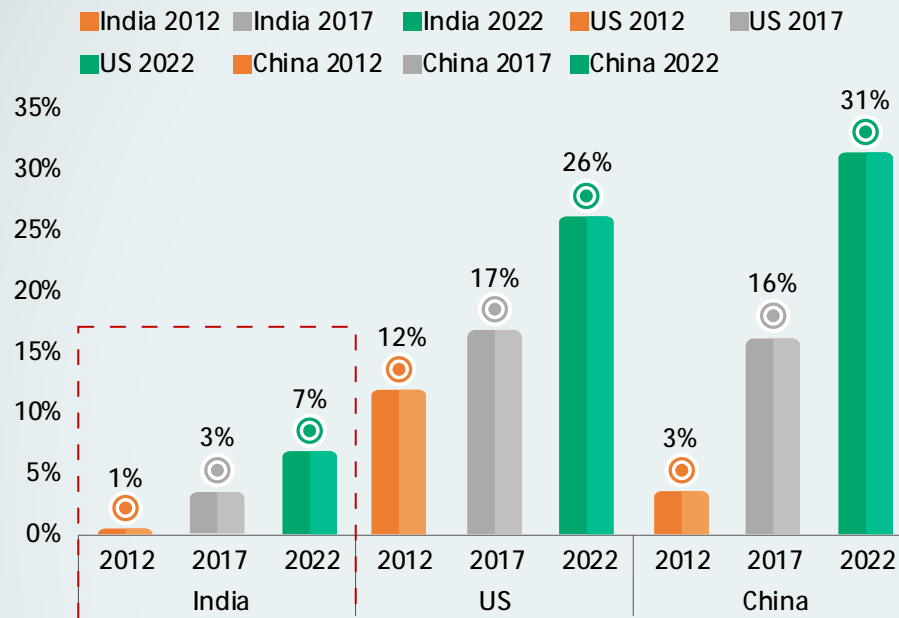
# Innovation Ecosystem: New Cycle Taking Off



# Demographics and Changes in Consumer Preferences

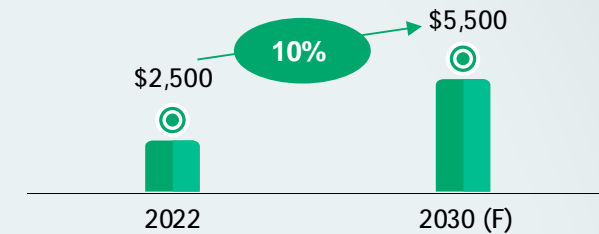


## Rise in share of Retail e-commerce

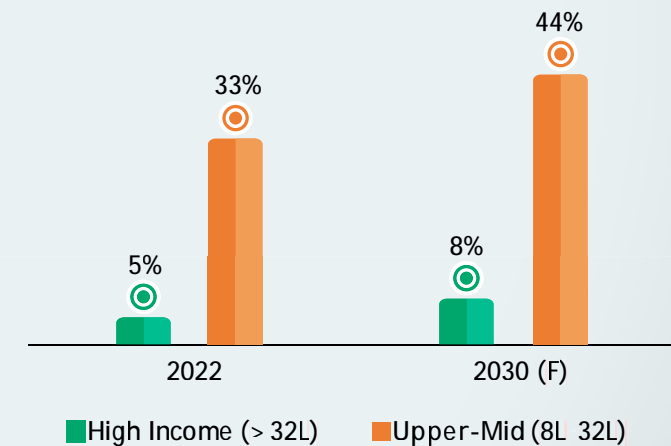


- Past decade has revolutionized consumer expectations and demands with rapid shift to online shopping and e-commerce.
- Coupled with significant increase in disposable income (Upper middle and high class are expected to grow by 70% in 2030) paves the way for the use of innovative products, businesses and processes.

## GDP Per Capita



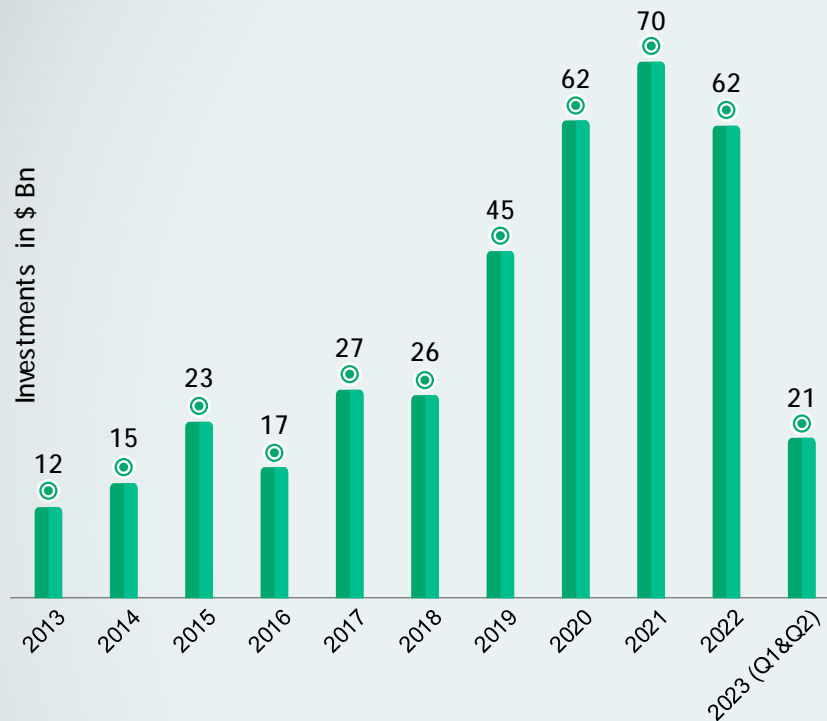
## Rising Upper Middle and High Class Households



# India is emerging as global hub for Innovation



Annual PE - VC Investments in India



- ◉ **Indian leadership in Tech**

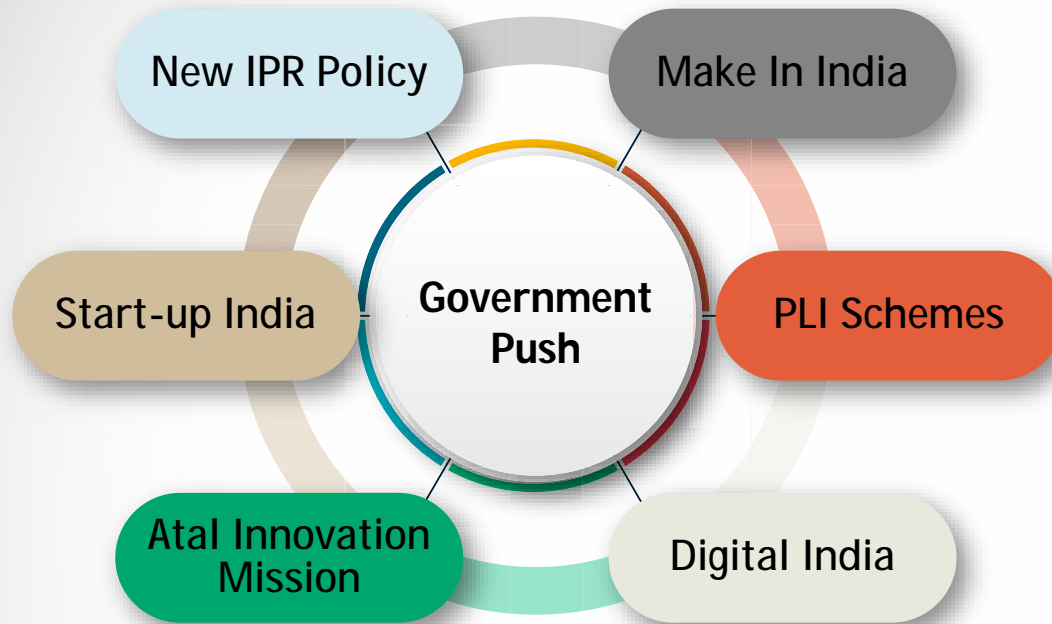
- Over 1500 global companies with captive R&D and support centers in India
- India's leadership in digital transactions
- More than a 100 Unicorns in India

- ◉ **Innovation is not limited to Tech-India is showing prowess in manufacturing and space Tech as well**

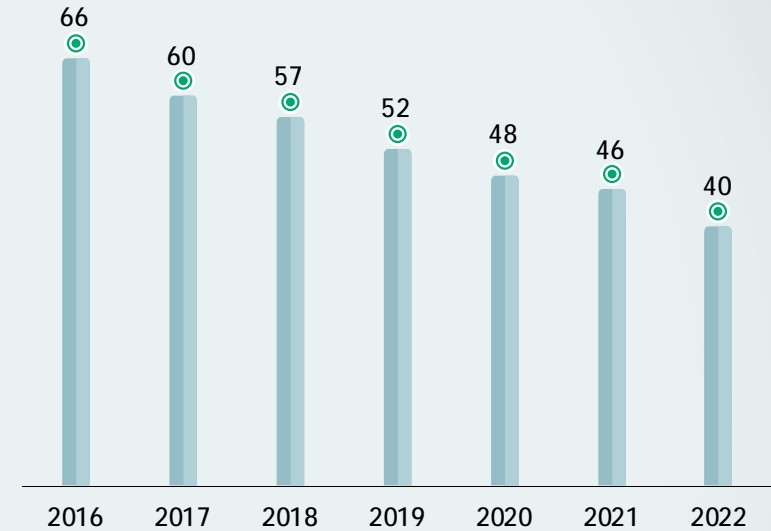
- Chandrayaan
- Vande Bharat

- ◉ **Accelerated funding to start-ups likely to foster increase in innovations and innovative companies**

# Factors Driving Innovations in India: Government Push



Improvement in Global Innovation Rank Index



Key Numbers	
Sectors Applicable Under PLI	14
Approved Applications	733
Expected Investment	3.65 Lakh Crores
Expected Job Creation	60 lakh new jobs
Actual Investment	62,500 Crores

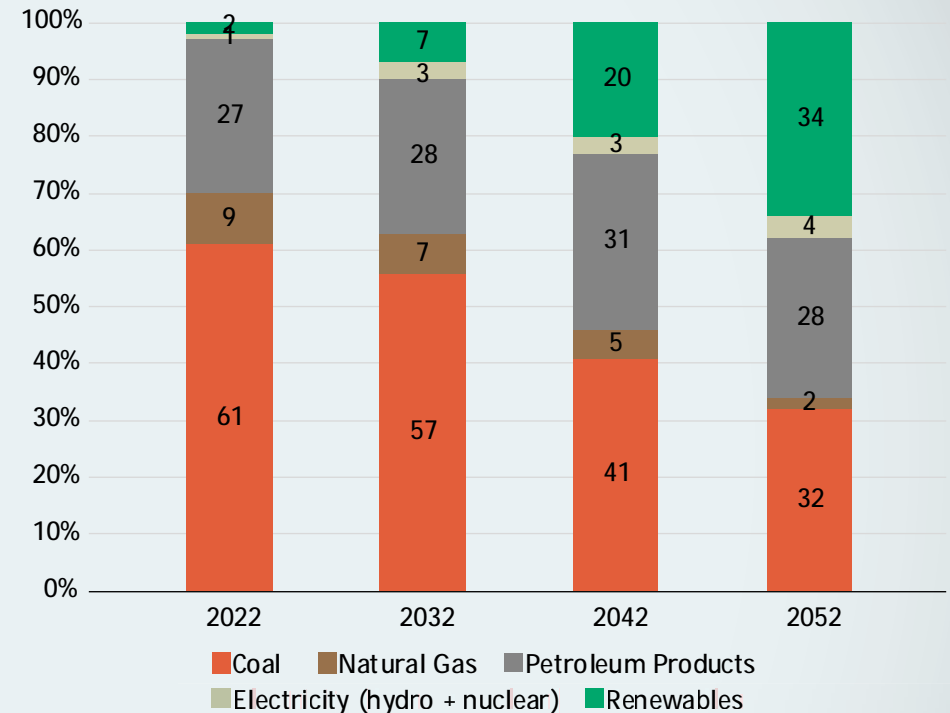
# India's energy transition by 2030



- **Conference of Paris (COP26) Glasgow commitment**
  - Lift non-fossil energy capacity to 500GW
  - Meet 50% of energy requirements from renewable energy
  - Reduce total projected carbon emissions by 1bn tons from now till 2030
- **Potential opportunities to invest based on how eco system evolves. USD200bn+ capex required**

	Solar	Hydrogen	Wind	EV Batteries
Capacity	72GW	51.8GW	44.3GW	
Potential	750GW	165GW	696GW	
Opportunity	Companies	Companies	Companies	Companies
	Wafer, cell Manufacturing	Storage	Electric Generator	Flourine chemistry companies
	Glass Manufacturing	Electrolyzers	Gear Box and Switchgears	Lithium Chemistry
	Inverters & Transformers		Bearings	
	Storage			
	Smart Meters			

India's share of Green Energy increases March Fiscal Year End 2022-2052E (%)



# INNOVATION > TECHNOLOGY

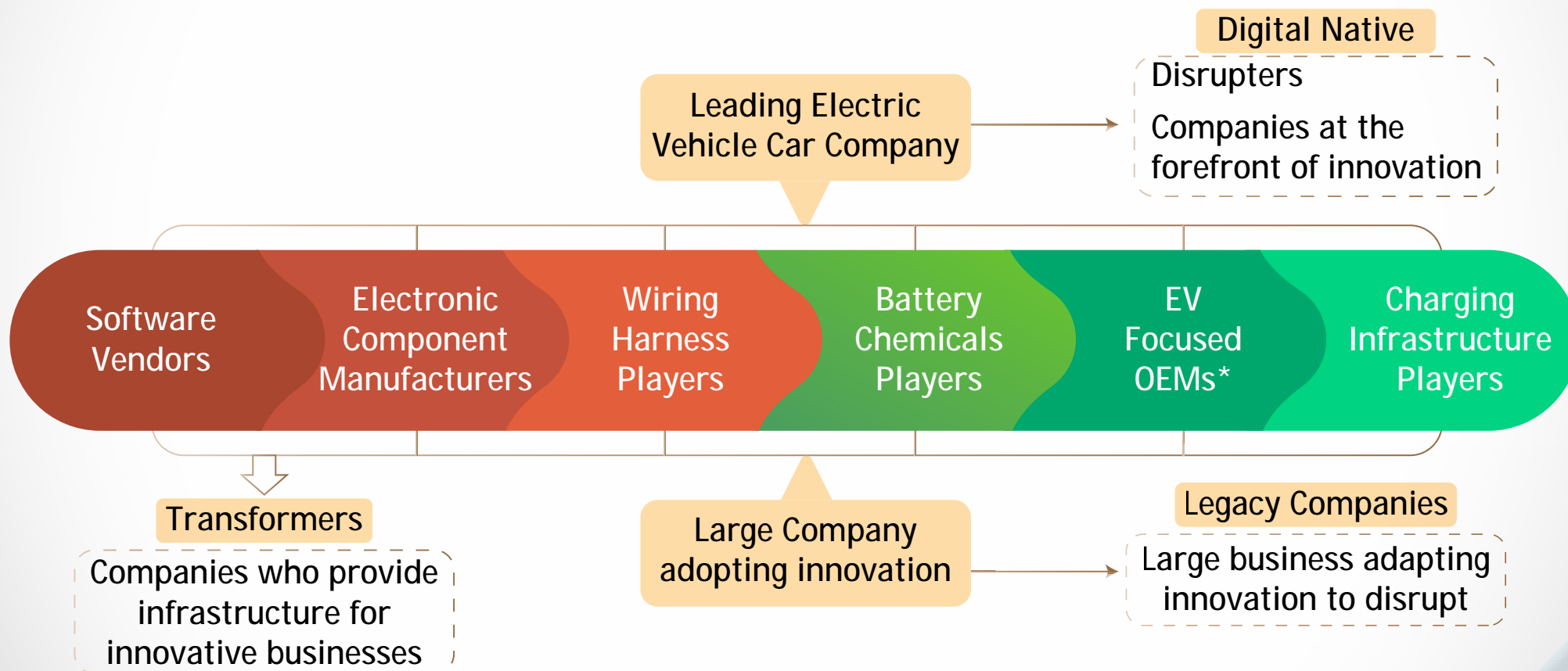
Innovation is more than just technology stocks and can be found everywhere



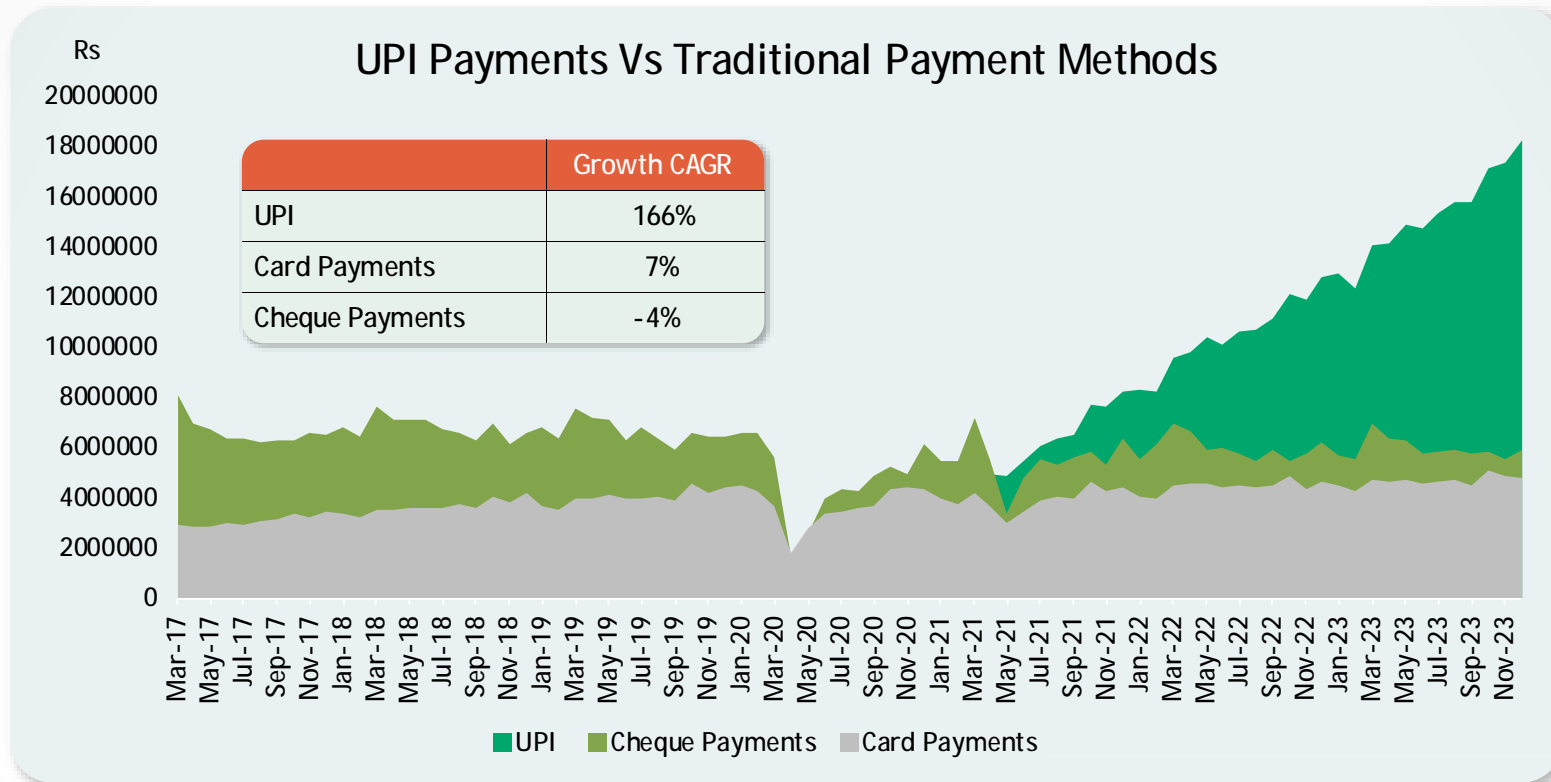
# Defining "Innovation"



- According to McKinsey, innovation is the ability to conceive, develop, deliver, and scale new products, services, processes, and business models for customers.
- Innovation Themes– Digital Natives, Transformers and Legacy Companies



# Innovation in BFSI Sector: Disrupting the payments

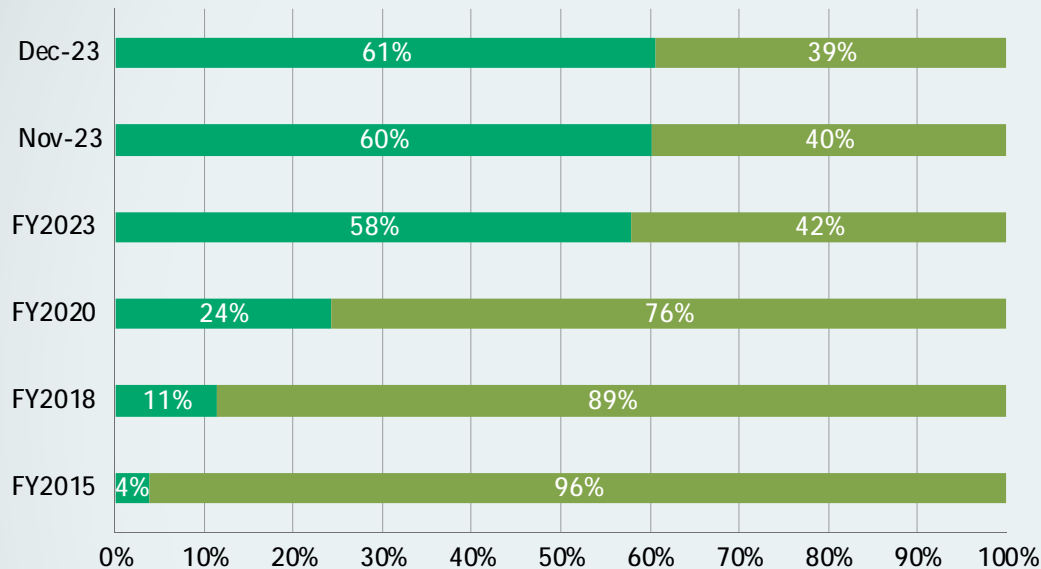


- Digital payment gateway has been a huge disrupter for the Banking and Financial Industry
- The survival of existing players depends on how fast they can adapt to this rapid change

# Capital Markets: Disruption led by platform companies



Share of Client Accounts



Share of new age brokers increased from 4% (FY15) to 24% (FY20) and 61% (Dec 2023)

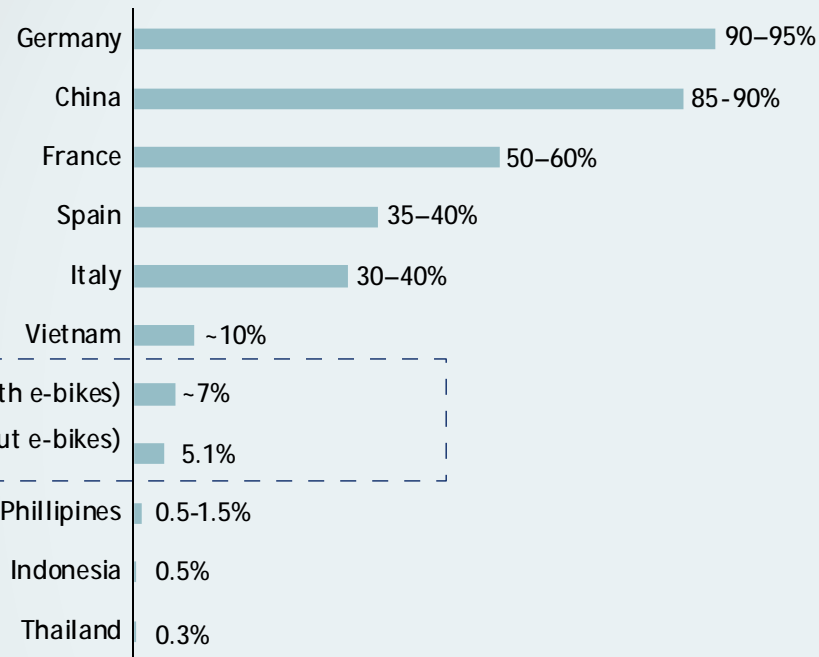
## What led to the shift?

- Smart phone penetration.
- Technology-Paperless transaction, e-Kyc, backend linkages to bank, demat.
- Gamification- Ease of trading in both cash & F&O.
- Democratisation of equity markets-online education videos/ research through you tube videos/ X platform.

# Electric Vehicles driving Innovation in Auto Sector



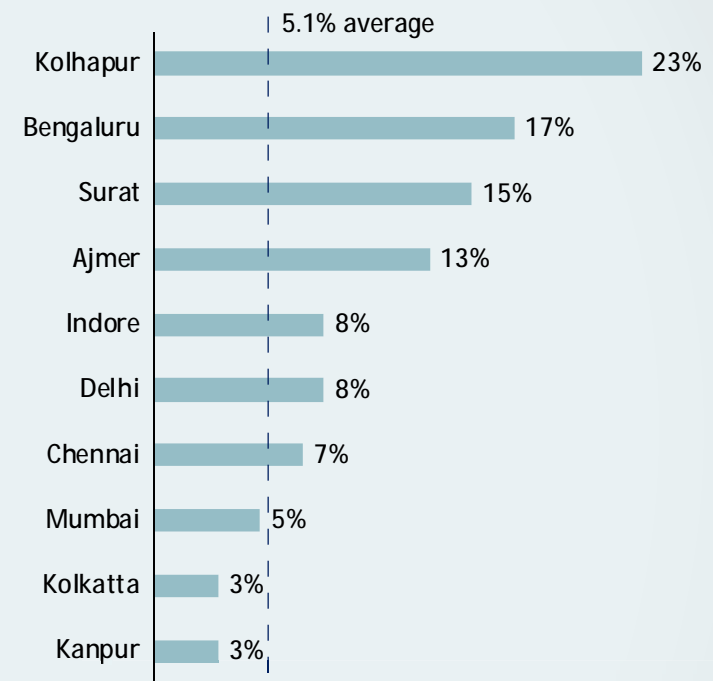
## Electric 2 W Sales Penetration (as % to total 2w sales)



Data as CT 2022 except India: Figure as of H1 FY 2024; Vietnam: Figure as of 2021

There is head room and tail wind for the growth of 2-Wheeler Electric Vehicles

## Electric 2 W Sales Penetration in India's select cities (as % to total 2w sales)



Data as on H1 FY 2024

The growth across the sector is not just limited to urban / metropolitan cities

# INTRODUCING

# BARODA BNP PARIBAS INNOVATION FUND



(An open-ended equity scheme investing in innovation theme)

# About the Fund



- ◉ The Baroda BNP Paribas Innovation Fund aims to invest in companies that benefit from Innovation.
- ◉ The scheme intends to invest in companies that benefit from investments in research, in business processes, in platforms, in technology/Innovation leading to new product/services introduction and likely to disrupt the market.
- ◉ The Scheme has identified the following investment themes in the current economic environment:

## Digital Native

Disruptors. Companies at the forefront of innovation.

## Transformers

These are companies who provide tools/ technologies / know how /infrastructure for innovative businesses.

## Legacy Companies

Large businesses who are early adopters of new technology leading to innovation/disruption and transforming their companies as they respond to the changing market environment.

# Investment Themes: Digital Natives



**Disruptive  
Business  
Models**

OTT Platforms

EV in Auto and Auto Ancillaries

E-commerce

**Disruptive  
Products or  
Services**

Fintechs & digital lending

Quick Service Restaurants,  
Food Deliveries

Commodity Exchanges

Ticketing & Booking

**Sustainability/  
Green  
Companies**

Renewables

Green Hydrogen

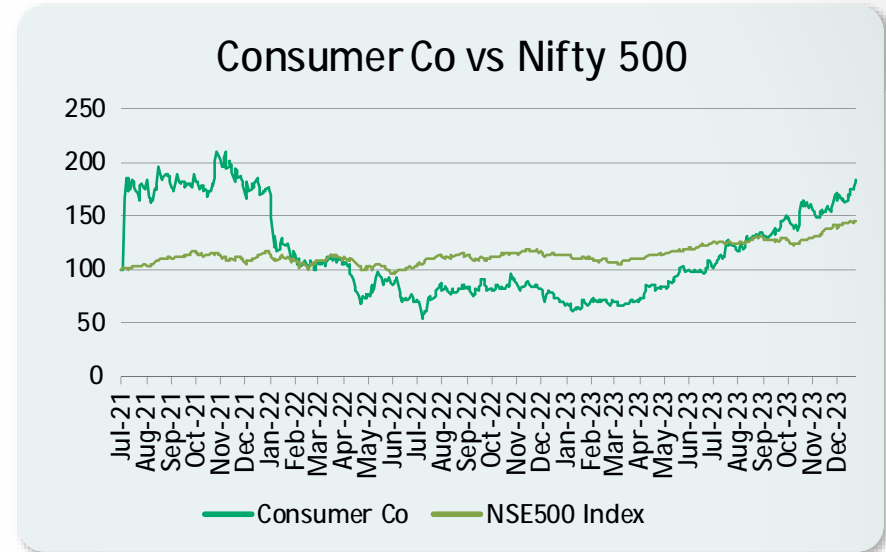
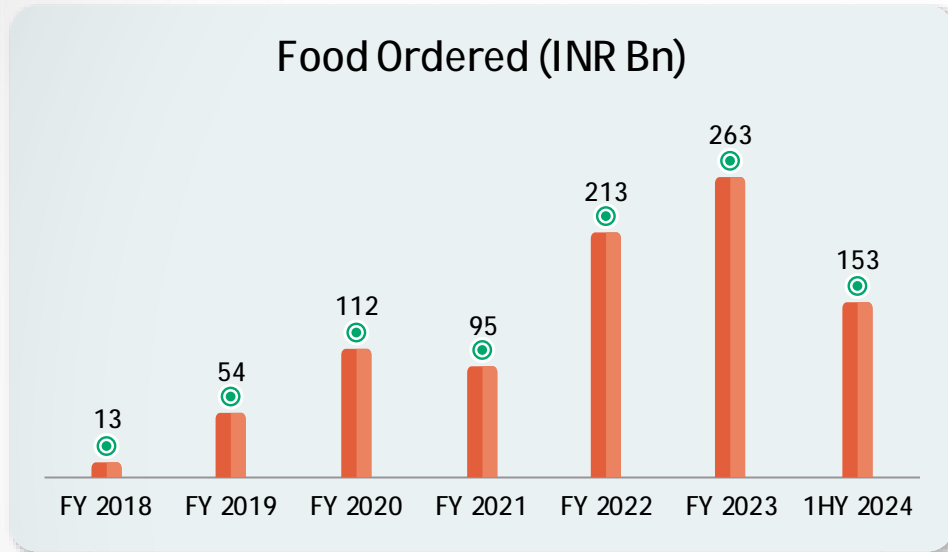
Niche Chemicals

Green Technology

# Disruptive Business Model: Tapping Customer needs



This company evolved from restaurant reviews to food delivery/ dining and now has further expanded to address last minute grocery/ essentials delivery.



## Key Statistics:

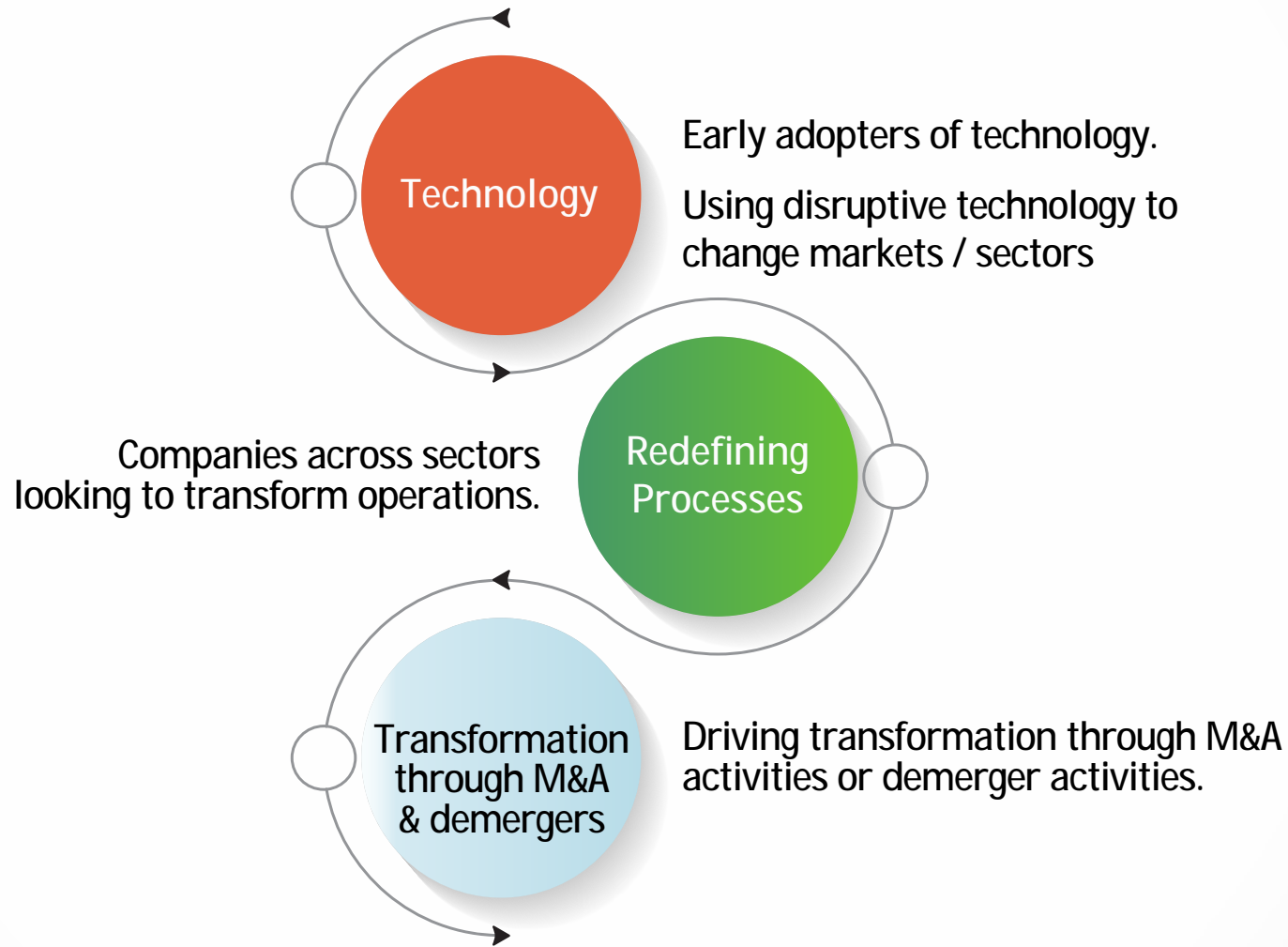
- Food consumption established at 6.2 lakh crore market by FY2025
- Delivers 20 crores orders per quarter and approximately 2 lakh per day
- 8000 crores of food delivery per quarter
- Food services market established at 6.2 lakh crores
- 1.8 crores monthly transacting customers



# Investment Themes: Legacy Companies



Legacy large businesses that are disrupting markets by adopting new technologies.



# Innovative Processes helped gain customers

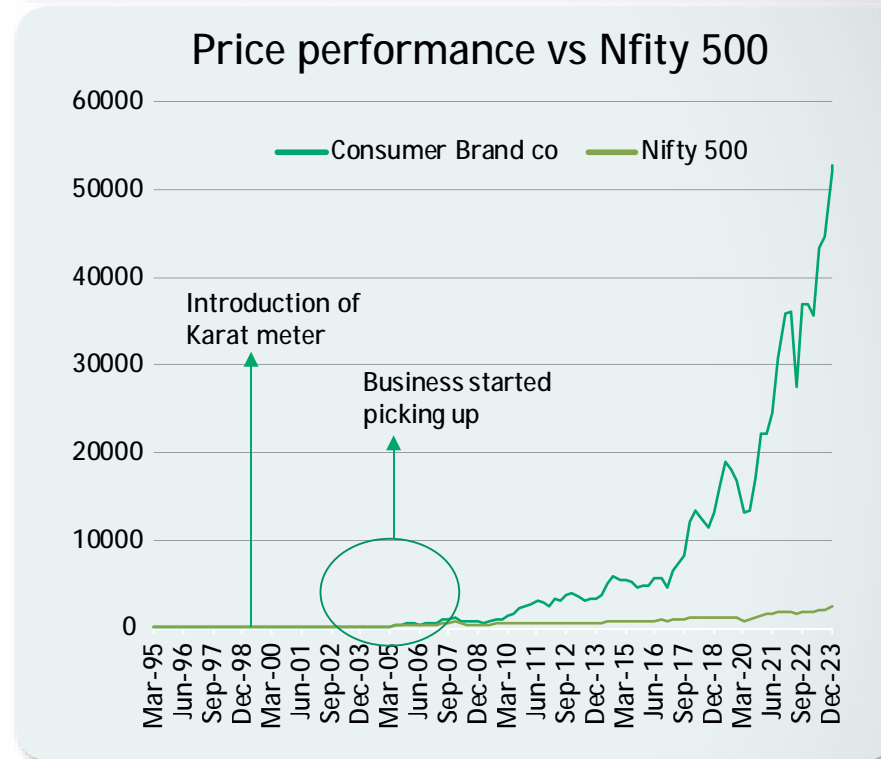


- Now one of the leading branded consumer company with presence across watches, jewellery, eyewear, perfumes & Sarees. Multiple innovations
- Used innovation to enter new business segments like jewellery which was highly unorganized market.
- Launched "Karatmeter" to test purity of gold. Offered free testing.
- Innovation continues- launched Eyewear, foray into online jewellery & sarees

## Key Statistics:

- Revenue growth of 22% over last 20 years, Operating profit growth of 24% over last 20 years\*
- Jewellery business contributes to 90% in operating profit\*
- 6% market share in Jewellery segment- Aims to achieve 10% share led by store expansion

Significant wealth creation- 36% CAGR over last 20 years vs 14% for Nifty 500



Data as on 31st December 2023

# Investment Themes: Transformers



Provide tools/ technologies / know how /infrastructure for innovative businesses that are operating in the new digital and internet-based economy

IT Solutions /  
Business  
Process  
Outsourcing

IT & IT enabled companies

Automation Players

Geospatial Companies

IT Digital  
Infrastructure

Telecom operators/ towers/  
equipment providers

IT hardware & Software

Platforms / telecom companies

Optical fiber companies/  
cable & Wires companies

Digital  
Engineering  
/ Product  
Engineering  
Services

Traditional Technology

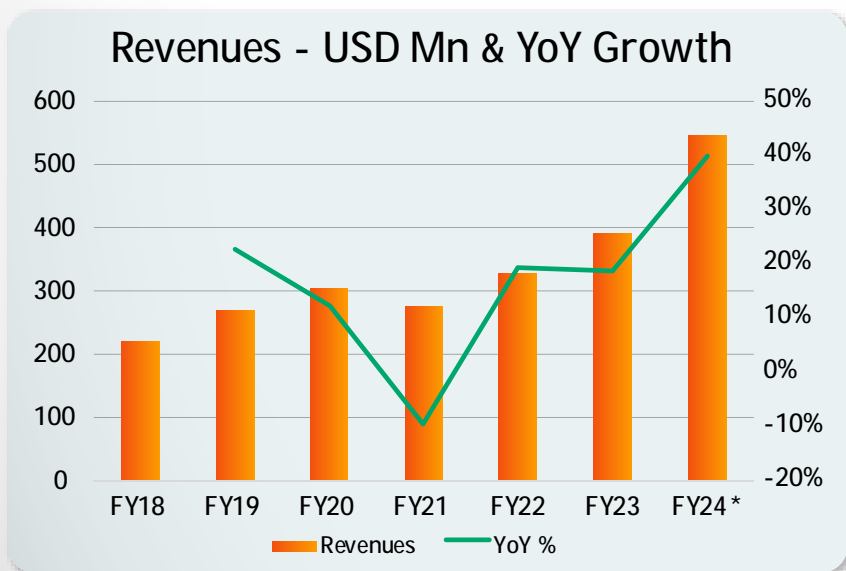
Engineering companies

Companies working on  
innovation enterprises

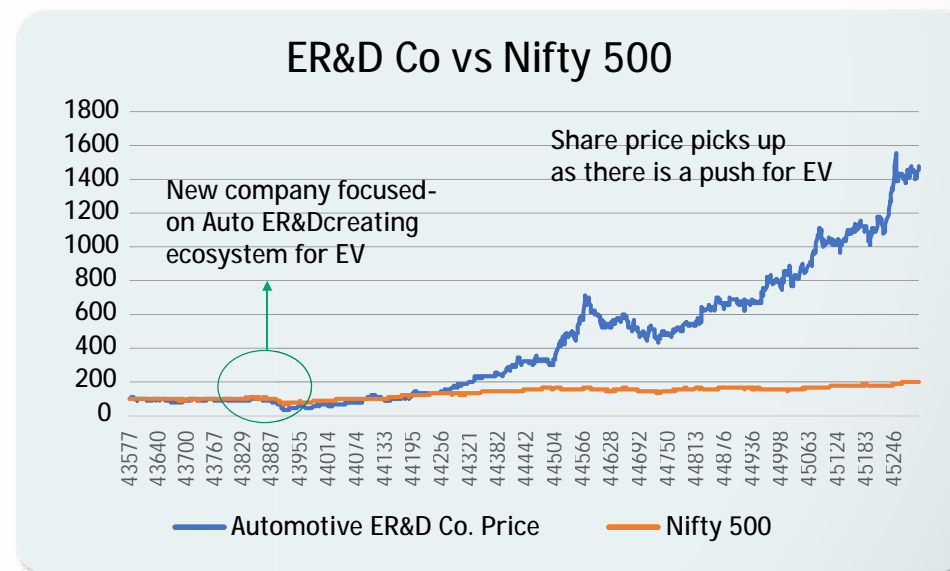
# Transformer: Leading ER&D services providers



- Hived off IT services in 2019. Focused on Automotive ER&D (Engineering, Research and Development).
- Built capabilities organically and through acquisitions.
- Helps large Auto OEMs to transition from legacy ICE technologies to Electric and Autonomous vehicles. 60% revenues from Connected, Autonomous, Shared Electric(CASE) technologies.
- Global automotive ER&D to triple to USD60bn FY21-26. Compulsions- shift to EV, Model upgrades every 6-9 months and new launches more frequently.
- Currently- 25+ OEMs/ Tier 1 relationship. Works with most global giants. Announced few USD100mn deals.
- 10mn+ vehicles on road with its software.



Source : Company filings, \*as per company guidance. Data as on September 2023

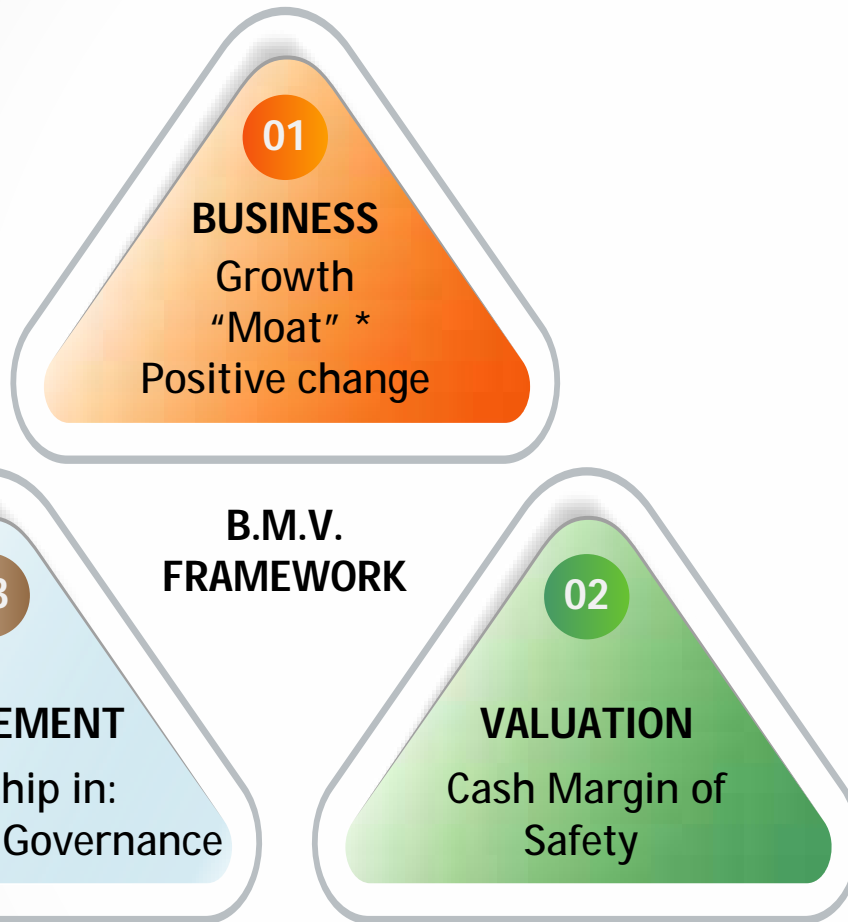


Source : Bloomberg. Data as on 31st Dec 2023

# Identifying companies and Portfolio Construction



In search of companies with superior and sustainable earnings growth

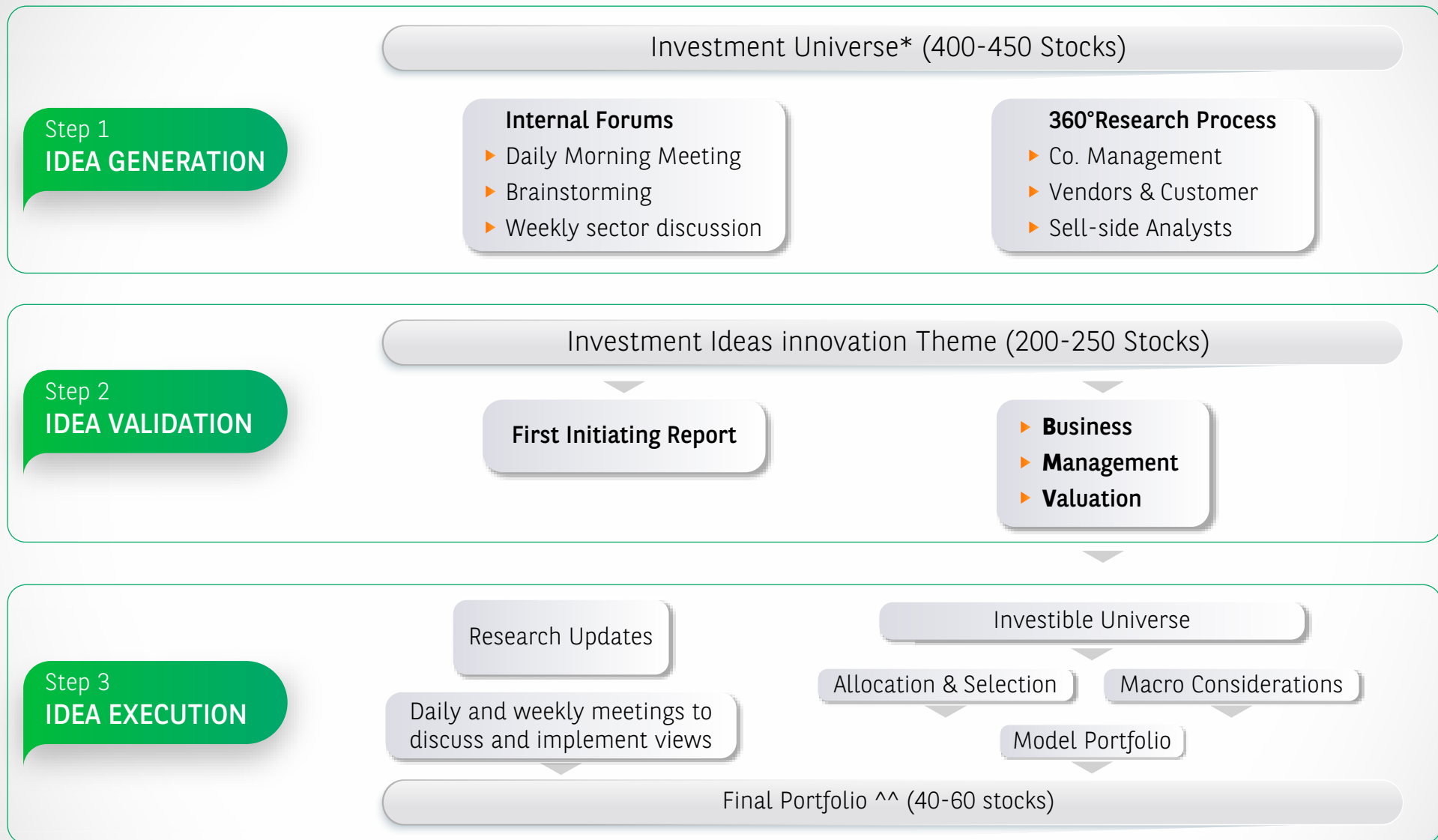


- Will invest in companies which have:
  - Business: Sustainable "competitive" advantage
  - Management: Quality of management and governance
  - Valuation: Growth at reasonable Valuation
- Diversified portfolio with no sector or market cap bias

Identify superior businesses, with strong management, at reasonable valuations



# Investment Process Overview



\*All stocks with the market cap higher than the company with the lowest market cap in the Nifty 500 Index.

^^The number of stocks in the portfolio would be based on market conditions, investment environment and other related factors and, as such, is subject to change without notification.

For further details on asset allocation, investment strategy and risk factors of the Scheme please refer to SID available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)). Investment strategy stated above may change from time to time and shall be in accordance with the investment objective and strategy stated in the SID of the scheme.

# Who is it Suitable For?



Savvy Investors  
who are well  
informed and  
experienced



Investors who  
want a focused  
exposure to  
companies  
which are  
innovative and  
disruptive



Investors who  
want to  
participate  
in the India's  
growth and  
innovation  
journey



Investors looking  
for new sector/  
theme to  
diversify  
their portfolio

# Fund Manager and Team



CIO Equity– Mr. Sanjay Chawla (33 Years of Experience)

	Experience		Experience
Jitendra Sriram	26 Years	Swapna Shelar	12 Years
Shiv Chanani	24 Years	Kushant Arora	9 Years
<b>Fund Manager</b> Pratish Krishnan	<b>23 Years</b>	Alka Katiyar	8 Years
Sandeep Jain	16 Years	Arjun Bagga	5 Years
Miten Vora	14 Years		



# Fund Facts



**Scheme Name:** Baroda BNP Paribas Innovation Fund  
**Scheme Type:** An open-ended equity scheme investing in innovation theme  
**Investment Objective:** The Scheme is to seek long term capital appreciation by investing at least 80% of its net assets in equity/equity related instruments of companies focusing and benefitting from innovation. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.

	Type of Instruments	Minimum Allocation (% of Net Assets)	Maximum Allocation (% of Net Assets)	Risk Profile
<b>Asset Allocation:</b>	Equity & Equity related instruments ^ of companies belonging to the innovation theme	80	100	High
	Equity and equity related instruments^ of any other companies	0	20	High
	Debt* & Money Market instruments	0	20	Low to Medium
	Units issued by REITs & INVITs	0	10	Medium to High
	Units of Mutual Fund Schemes (Domestic Schemes)	0	10	Medium to High

^The Scheme may invest upto 50% of equity assets in equity derivatives instruments as permitted under the SEBI (Mutual Funds) Regulations, 1996 from time to time. The Scheme may use equity derivatives for such purposes as maybe permitted under the SEBI (Mutual Funds) Regulations, 1996, including but not limited for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time.

\*Debt instruments may include securitised debt upto 20% of the debt portfolio of the scheme.

For further details on asset allocation, please refer to SID available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)).

**Benchmark:** NIFTY 500 TR Index  
**Fund Manager#:** Mr. Pratish Krishnan (Total Experience: 23 years)

**Load Structure:**  
**Entry Load:** NA  
**Exit Load:**  

- If units of the Scheme are redeemed or switched out up to 10% of the units within 1 year from the date of allotment - Nil.
- If units of the scheme are redeemed or switched out in excess of the limit within 1 year from the date of allotment - 1% of the applicable NAV.
- If units of scheme are redeemed or switched out after 1 year from the date of allotment - Nil.

**Plans and Options:**  
 The Scheme offers following two plans: Regular and Direct. Each plan offers Growth Option, and Income Distribution cum capital withdrawal (IDCW)\* Option with payout and reinvestment options.  
 \*Amounts under IDCW option can be distributed out of investors capital (equalization reserve), which is part of sale price that represents realized gains.

**Minimum Application Amount:**  
 Lumpsum Details: Minimum Application Amount: Rs. 5,000 and in multiples of Rs. 1 thereafter.  
 Minimum Additional Application Amount: Rs. 1,000 and in multiples of Rs. 1 thereafter. SIP Details: Minimum Application Amount - (i) Daily, Weekly, Monthly SIP: Rs. 500/- and in multiples of Rs. 1/- thereafter; (ii) Quarterly SIP: Rs. 1500/- and in multiples of Rs. 1/- thereafter Frequency Available: Daily, Weekly, Monthly & Quarterly

# Miten Vora (Dedicated Fund Manager for Overseas Investment)

# Risk Factors

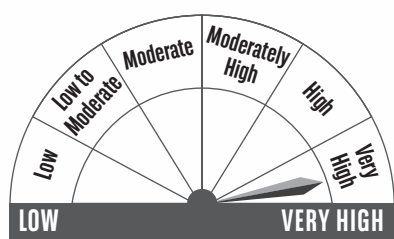
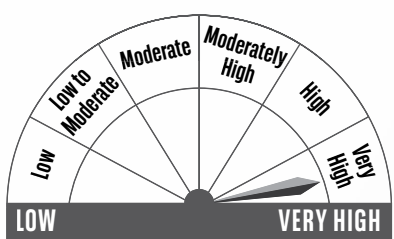


The risks associated with investments in equities include fluctuations in prices, as stock markets can be volatile and decline in response to political, regulatory, economic, market and stock-specific development etc. Please refer to scheme information document for detailed risk factors, asset allocation, investment strategy etc.

Further, to the extent the scheme invests in fixed income securities, the Scheme shall be subject to various risks associated with investments in Fixed Income Securities such as Credit and Counterparty risk, Liquidity risk, Market risk, Interest Rate risk & Re-investment risk etc., Further, the Scheme may use various permitted derivative instruments and techniques which may increase the volatility of scheme's performance. Also, the risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

The Scheme invests predominantly in equity / equity related instruments of entities engaged in and/or expected to benefit from innovation theme. It is possible that such innovations maybe short lived or may not be as profitable as expected thereby affecting the prospects of companies held in the portfolio of the Scheme. Investing in a thematic fund could involve potentially higher volatility and risk.

Please refer to Scheme Information Document available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)) for detailed Risk Factors, assets allocation, investment strategy etc.

<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Long term capital appreciation.</li> <li>• Investment in equity &amp; equity related securities of the companies that benefit from innovation theme.</li> </ul>	<p>Risk-o-meter for the Scheme^^</p>  <p>Investors understand that their principal will be at Very High risk.</p>	<p>Benchmark (Tier 1) Riskometer Nifty 50 TRI#</p>  <p>Benchmark riskometer is at Very High Risk</p>
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\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them. ^^The riskometer assigned is based on internal assessment of the scheme characteristics and the same may vary post NFO when actual investments are made. #Benchmark Riskometer is as on 31st Dec'23



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



 Contact your Mutual Fund Distributor or Financial Advisor

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 Call us on: 1800 2670 189 (Toll free)

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