

BARODA BNP PARIBAS MUTUAL FUND LAUNCHES BARODA BNP PARIBAS ENERGY OPPORTUNITIES FUND TO CAPITALIZE ON GROWTH PROSPECTS IN ENERGY SECTOR

Mumbai, January 20, 2025 – In keeping with its 'Together for More' brand initiative, Baroda BNP Paribas Mutual Fund has launched the New Fund Offer (NFO) of its **Baroda BNP Paribas Energy Opportunities Fund** that will open for subscription from **January 21, 2025, to February 4, 2025**. This scheme enables investors to benefit from the expanding energy sector, as India transitions from a developing to a developed economy.

It is said that "Energy is the key to prosperity". History shows that countries' energy demands increase as they transition from developing to developed economies. As India's GDP is projected to grow by 1.9x times in the next 5 years, India's demand for energy is also poised to grow 1.7x times*. Our Baroda BNP Paribas Energy Opportunities Fund is positioned to unlock profitable investment opportunities for investors from the developments in India's Energy sector," said **Suresh Soni, CEO, Baroda BNP Paribas Asset Management India Pvt Ltd (AMC)**.

Riding India's Energy Growth Wave

Between 2003 and 2023, Chinese energy consumption, per capita, surged from 1.5 megawatt hours (MWh) to 6.6 MWh[#], reflecting strong growth tied to GDP expansion. Similarly, South Korea's energy consumption has closely mirrored its per capita rise in GDP. India is now on a similar growth trajectory, with broad-based energy demand across households, agriculture, industry, commercial establishments, and infrastructure.

Energy sources to fulfil this demand include **coal, crude oil, gas, nuclear, solar, wind, hydro, geothermal, and hydrogen**. "Energy is a broad investment theme comprising almost a third of the stocks of the Nifty 500 index across a range of sectors and sub-sectors. Further, our research shows that not only does the **Nifty Energy Total Return Index (Nifty Energy TRI)** have a lower price-to-equity and price-to-book ratio compared to the Nifty 500 Total Return Index, but it also boasts higher dividend yield and faster earning growth compared to broader market," noted **Sanjay Chawla, Chief Investment Officer – Equity and Fund Manager for the scheme**.

Historically Proven Performance

Research by AMC highlights that the Nifty Energy TRI has outperformed the Nifty 500 TRI over 3, 5, 7, and 10-year periods ending 31st December 2024[&]. This long-term outperformance underscores the potential of the **energy theme** to generate potential returns for investors across time horizons. "Our Baroda BNP Paribas Energy Opportunities Fund may be considered ideal for equity investors with a holding period of three years or more," added **Mr. Soni**. The scheme will allocate at least 80% of its assets to equity instruments of companies involved in exploration, production, distribution, transportation, and processing of traditional and new energy across market capitalizations.

A Future-Ready Portfolio

The scheme will focus on **investment opportunities across the traditional energy chain as well as new energy transitions**. "Indian energy demand is a secular story that will be powered by the doubling of the size of India's middle class, lifestyle changes driven by higher incomes, and energy transition. In addition, government's focus on improving India's energy security by more than doubling the share of natural gas to 15% of the energy mix by 2030 and boosting our coal security coupled with, the government's plan to invite bids for 50 Gigawatt of renewable energy capacity annually between FY24-28 will see India's solar power capacity grow 4X and wind power by 2.5X by 2031-32[^]. These structural changes aim to open a whole vista of profitable investment opportunities for investors," added **Mr. Chawla**.

In keeping with the governments focus on this key area, several **central government schemes** promoting the energy sector are currently operational, including the **Production Linked Incentive (PLI)** on high-efficiency solar modules, the **National Solar Mission Rooftop scheme, Viability Gap Funding** for battery energy storage systems, and the **National Green Hydrogen Mission**.

*Source: Data as on 31st October 2024 (latest available data). Source: IMF, Jefferies and internal research. The estimated figures in this graph are based on internal research and may vary based on change in various factors.

#BP Statistical Review and IMF | Data as on 31st March 2023 (Latest available data)

[^] Source: Government of India - Press Information Bureau, Ministry of New and Renewable Energy – PLI, Center on Global Energy Policy – Columbia University, NEP - National Electricity Plan, Inevitable Policy Response\ Data as on 5th August 2024 (latest available data)

& Data as of December 31, 2024 |Source: Bloomberg, Nifty Indices and Internal. Returns are on Absolute basis.

About Baroda BNP Paribas Mutual Fund

Baroda BNP Paribas Mutual Fund is managed by Baroda BNP Paribas AMC, a strategic partnership between Bank of Baroda and BNP Paribas Asset Management, a part of the BNP Paribas Group.

Baroda BNP Paribas Mutual Fund offers 42 schemes across equity, hybrid, debt and overseas fund of fund categories. It aims to leverage the wide network of Bank of Baroda and its know-how of the India market with the global expertise of BNP Paribas Asset Management to offer high quality investment solutions. Baroda BNP Paribas Mutual Fund has strong nationwide presence across 148* towns and cities and has a vision to create a positive impact on people's lives by delivering sustainable value for their investments.*

*31st December 2024

End of Release



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Disclaimer

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. 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.

Please refer to the Scheme Information Document available on our website (www.barodabnpparibasmf.in) before investing for details of the scheme including investment objective, asset allocation pattern, investment strategy, risk factors and taxation.

Offer of Units of Rs.10 each for cash during the New Fund Offer and Continuous offer for Units at NAV based prices.

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