

SBI INNOVATIVE OPPORTUNITIES FUND

MEET THE INNOVATORS WHO WILL POWER NEXT GEN INDIA



NFO Period :

29th July 2024-12th Aug 2024

Scheme Riskometer:



Investors understand that their principal will be at very high risk

This product is suitable for investors who are seeking*:

- Long term Capital appreciation
- Investment in equity and equity related instruments of companies engaged in and/ or expected to benefit from adoption of innovative strategies & theme

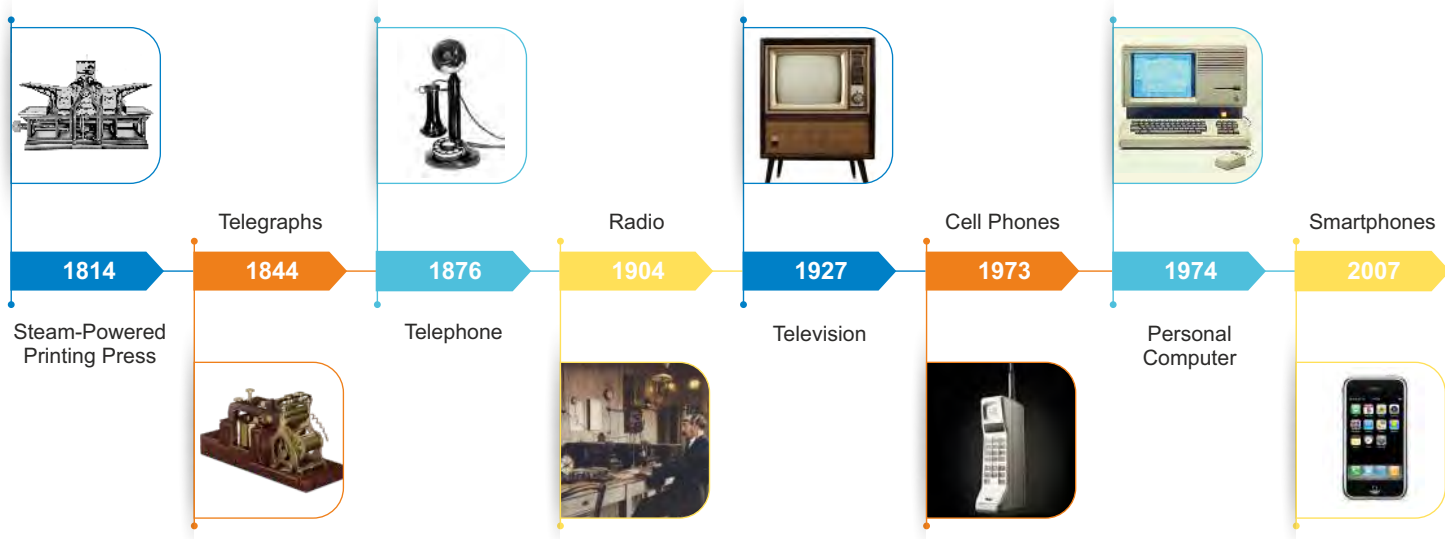
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

First Tier Benchmark Riskometer:
NIFTY 500 TRI



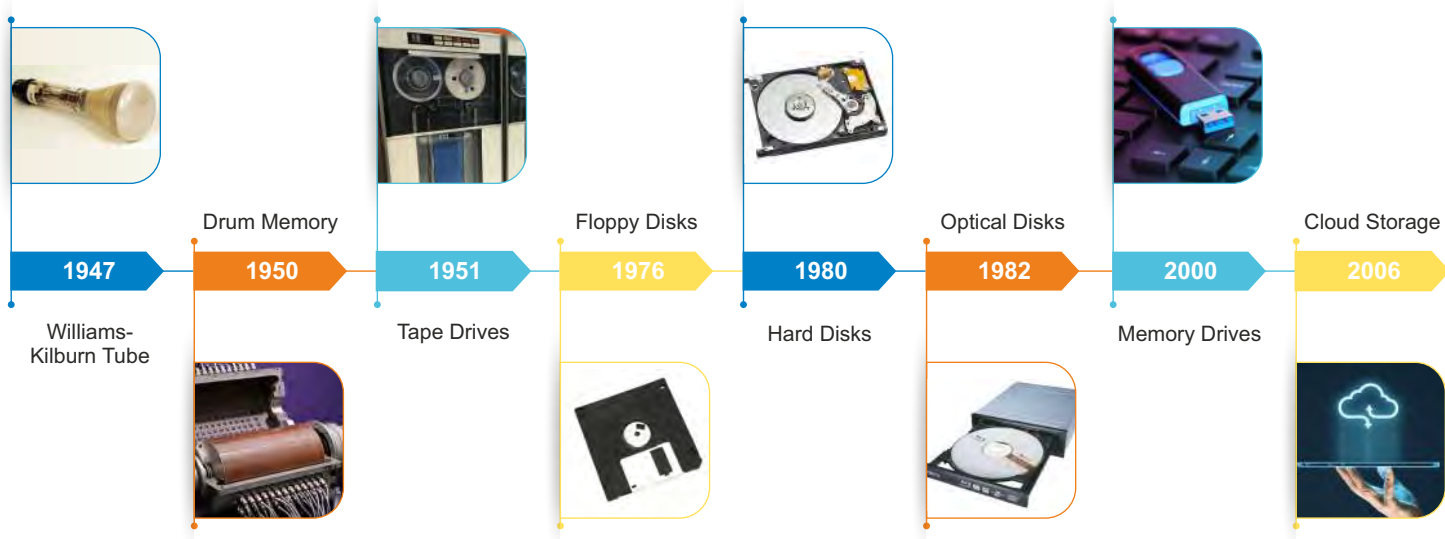
The benchmark riskometer is at Very High risk

Communication from months to seconds



Source: education.cfr.org¹ This information is for illustrative purposes only. There is no assurance that the Funds will invest in any or all of these innovation examples.

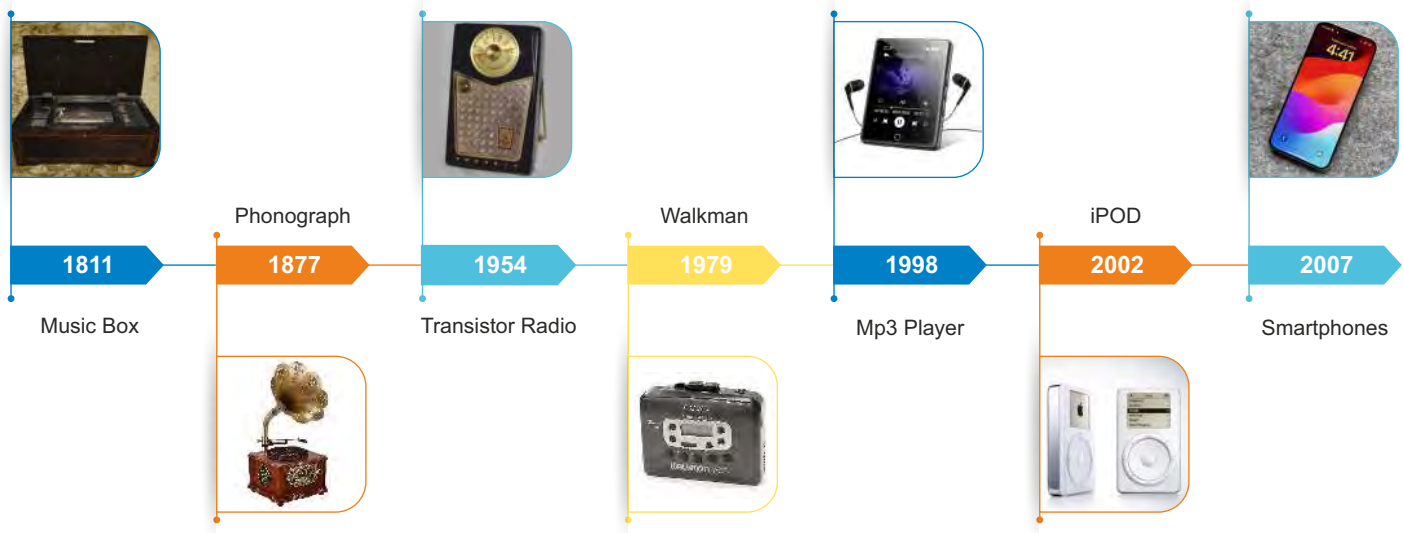
Storage from Bits to Terabyte



Source: Echoglobal; This information is for illustrative purposes only. There is no assurance that the Funds will invest in any or all of these innovation examples.



Music from boxes to digital streaming



Source: blackpoolgrand.co.uk; This information is for illustrative purposes only.
There is no assurance that the Funds will invest in any or all of these innovation examples.

Pace of Innovation is accelerating

Median age of S&P top 10, 2000

85
years

Median age of S&P top 10, 2018

33
years

Average S&P 500 tenure by 2027

12
years

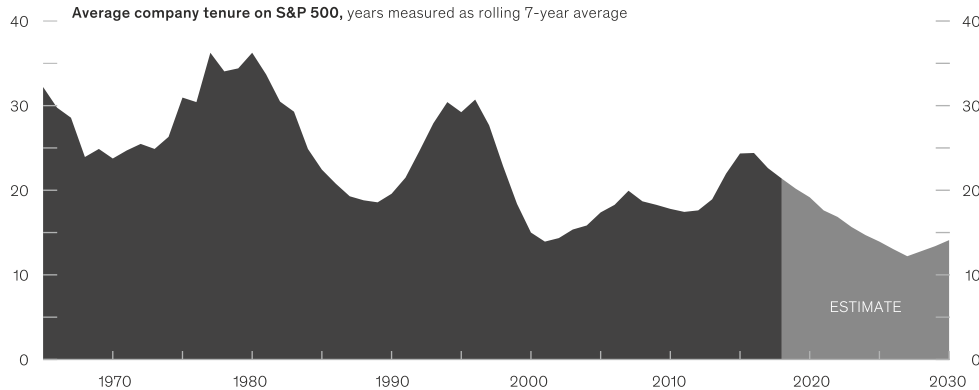
Average age of a unicorn start-up

6
years

5-year valuation growth in post-IPO unicorns¹

8.7
x

... causing a steady decrease in the tenure of S&P 500-listed companies



The increasing pace of innovation is disrupting business models. “Innovate or perish” has become the watchword.

Source: McKinsey & Company Report; This information is for illustrative purposes only and not necessarily representative of the past or future portfolio composition. There is no assurance that the Funds will invest in any or all of these innovation examples. This information is not intended as an investment recommendation, nor does it constitute investment advice.

Innovation – A key disruptor across sectors



Automobiles

Electric Vehicles
Self Drive cars
Hybrid vehicles



Financial Services

UPI
Block chain
Payment Aggregator



Energy

Hydrogen
Battery Storage
Grid integration



Consumption

Quick Commerce
Augmented reality
Omnichannel integration



Media & Entertainment

OTT
Digital Content & Ads
Music streaming



Technology

Cloud computing
AI & IoT
Data centers



Industrials

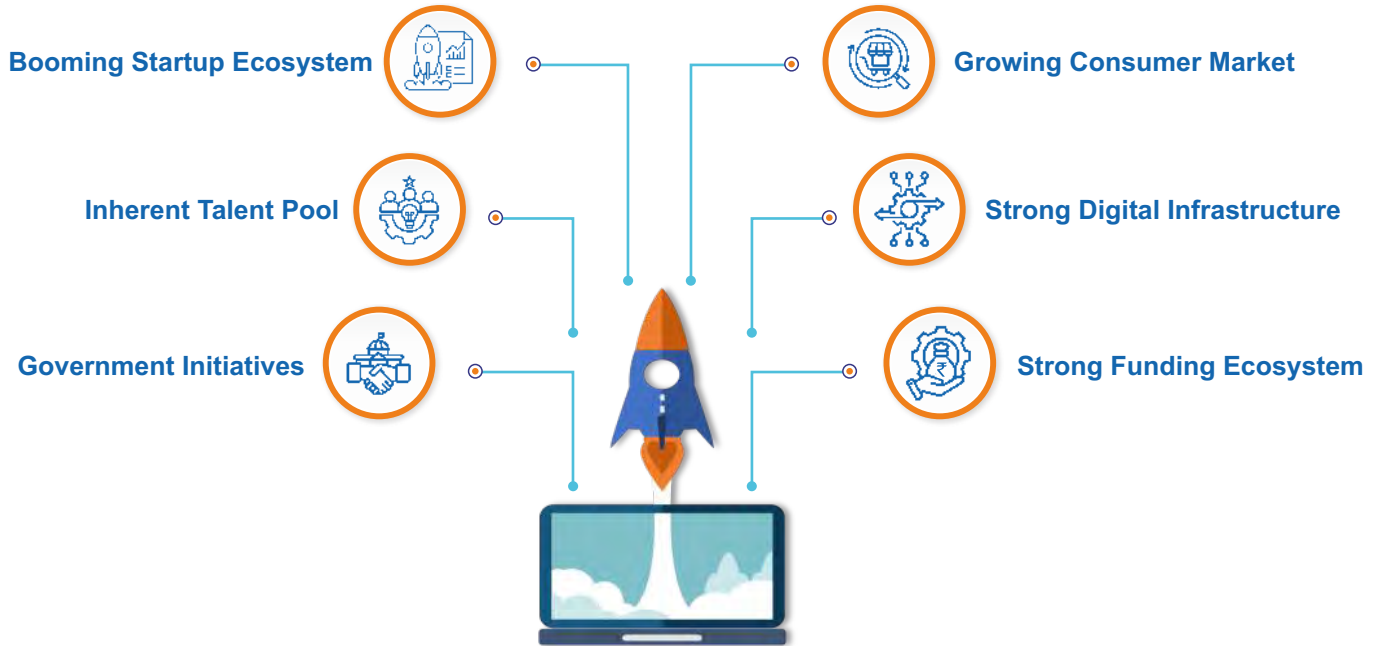
Robots & Drones
3D printing
Nanotechnology



Healthcare

Medtech
E-Pharmacy
Biotechnology

Factors influencing India Innovation Story



India's position in the Global Innovation Index* has improved to 40th rank in 2023 from 81st in 2015. Due to the above favorable tailwinds, we believe India is currently at the cusp of an innovation cycle.

Source: SBIMF Research. *Published by the World Intellectual Property Organization.

Booming Startup Ecosystem

E-commerce



Fintech



Enterprise Tech



Consumer Services



Media & Entertainment



Logistics



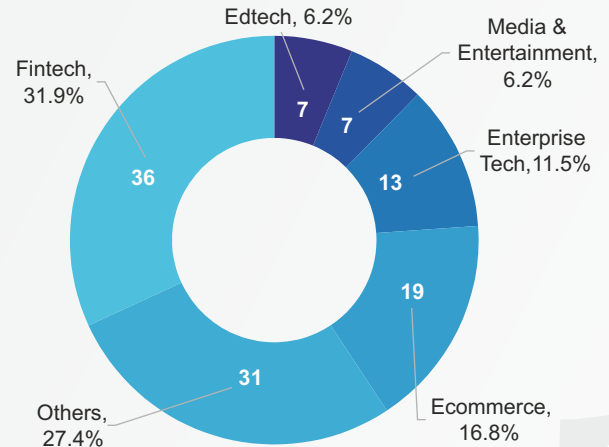
Health tech



Edtech



Soonicorn mix across key segments

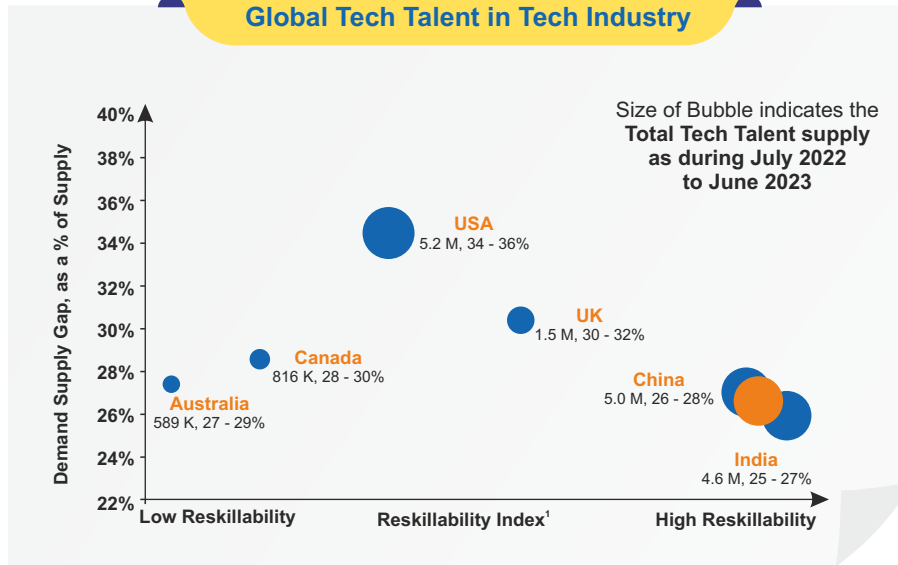


India has the 3rd largest start-up ecosystem in the world with 115 startups in the Unicorn Club which are expected to double by 2030. The number of Unicorns in India are expected to more than double by 2030 led by e-commerce & Fintech.

Source: Inc42. Data as on April, 2024. The above data is for information only and is not intended for investment. Investment in the fund will be made in line with investment objective / asset allocation / strategy of the fund. The slide contains both listed as well as unlisted companies. As per MF Regulations, the fund can only invest in listed or proposed to be listed companies.

Inherent Talent Pool

Global Tech Talent in Tech Industry

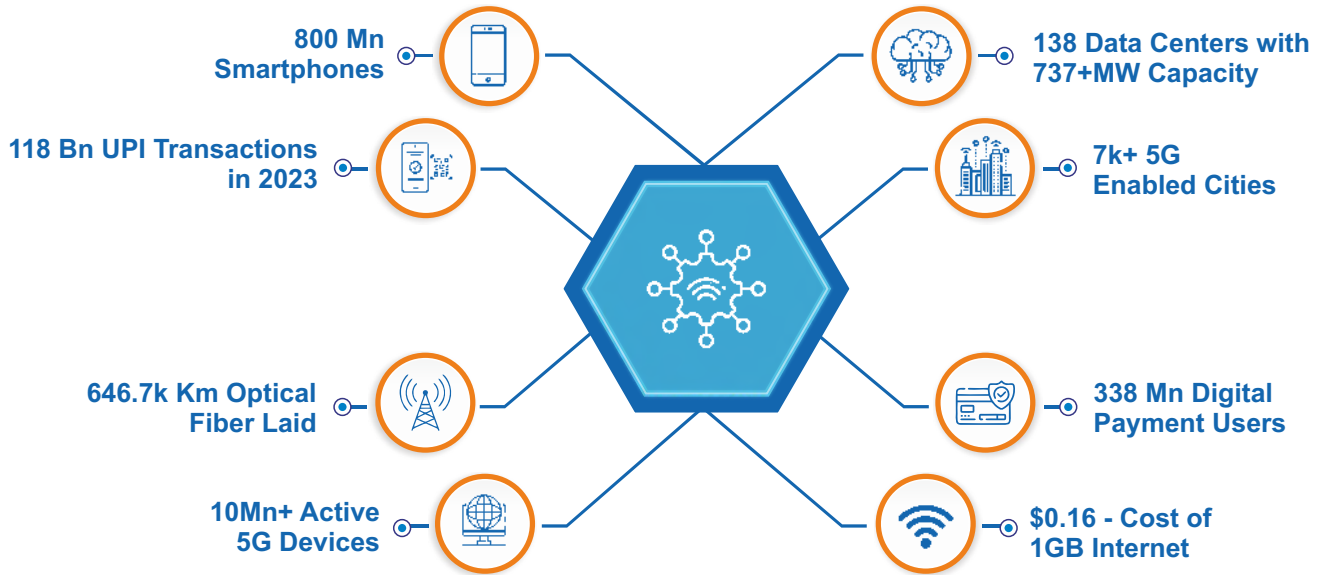


- **2.5 million** STEM* graduates every year - one of the largest sources of STEM talent in the world.
- India boasts a significantly higher relative AI skill penetration rate, surpassing the G20 average by **more than 3X**.
- Tier 2 and Tier 3 cities in India collectively contribute to **60%** of fresh graduates in engineering, arts and science colleges.
- Based on the past trends the fresh talent which can transition in digital roles is expected to grow **2X by 2028** compared to 2020.

Among the countries with the large tech talent pools, India and China boast the lowest demand-supply gap. This can be attributed to upskilling ecosystem & proactive government initiatives.

Source: Draup Talent Database, Nasscom Report Nov 2023. ¹Reskillability Index - Defined by estimated growth in Digital Tech Talent pool that can be gained by reskilling the workforce. Tech talent in tech Industry includes Core tech talent in tech industry and digital tech talent in tech industry (Core + Digital tech talent). *STEM - Science, Technology, Engineering and Mathematics.

Strong Digital Infrastructure



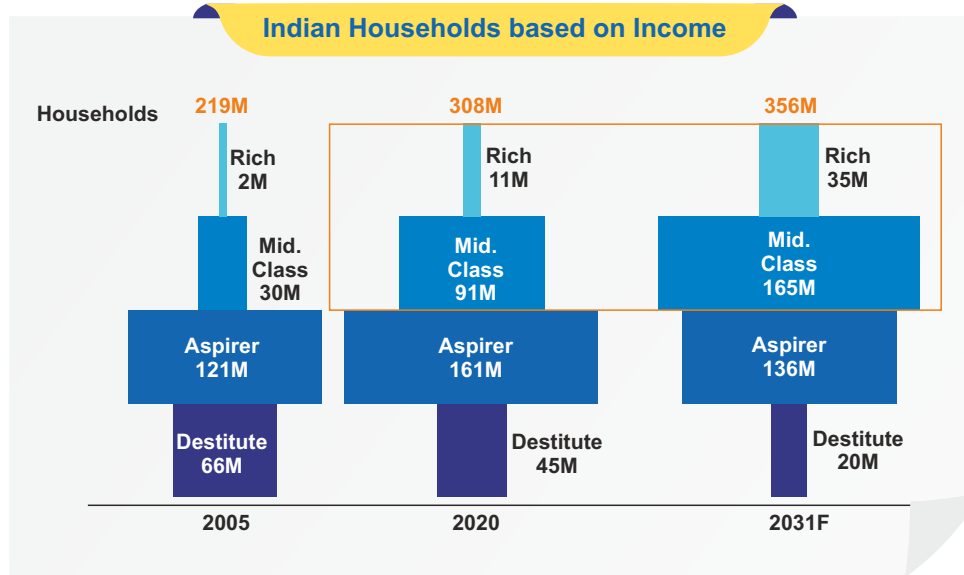
India's digital ecosystem has seen rapid expansion in the recent times, taking India on a global level in terms of harnessing the power of technology.

Source: Nasscom India's Digital Public Infrastructure Report – Feb 2024, Inc24, NPCI.

SBI Funds Management Limited (A joint venture between SBI & AMUNDI)

 **SBI MUTUAL FUND**
A PARTNER FOR LIFE

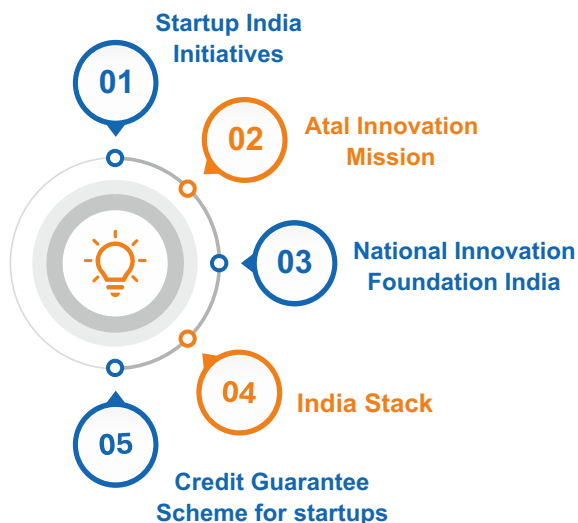
Growing Consumer Market



India has a large and growing consumer market, with more than 1.4 billion people. As the country continues to develop and the middle class grows, the consumer market will only continue to expand.

Note: Destitutes <1.25L, Aspirers: 1.25-5L; Middle Class: 5-30L; Rich: >30L basis income per household in real terms (INR at 2020-21 prices)
Source: The rise of India's middle Class: Results from ICE 360° Surveys, PRICE. Data as on July 2023.

Government Initiatives



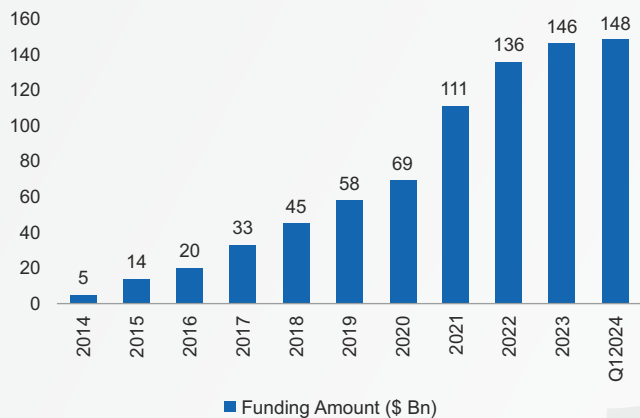
| PLI Scheme | Total Outlay Planned (₹ Bn) |
|--|-----------------------------|
| LSEM and IT Hardware | 460 |
| KSM/DI/API | 69 |
| Pharmaceutical drugs | 150 |
| Manufacturing of Medical Devices | 34 |
| White Goods | 62 |
| Food Processing | 108 |
| Telecom | 122 |
| High Efficiency Solar PV Modules | 240 |
| Advanced Chemistry Cell Battery | 181 |
| Automobiles and auto components | 259 |
| Textile Products: MMF segment and Technical Textiles | 107 |
| Specialty Steel | 63 |
| Semiconductor | 760 |
| Total | 2,616 |

Various government initiatives are providing a boost to the Indian start-up ecosystem and innovation trend in the country.

Source: Startupindia.gov.in; <https://aim.gov.in/>; <https://nif.org.in/>; PLI guideline documents from various central govt. ministries, SBIFM Research. Note: LSEM - Large Scale Electronic Manufacturing, KSM/DI/API - Key Starting materials/Drug Intermediaries and Active Pharmaceutical Ingredients. Data as of Feb 2024.

Strong Funding Ecosystem

Indian Startup Funding



| Startups | Sector | Listing Year |
|--------------|----------------|--------------|
| mamaearth | D2C | 2023 |
| DELHIVERY | Logistics | 2022 |
| FIVE STAR | FinTech | 2022 |
| EaseMyTrip | Marketplace | 2021 |
| freshworks | EnterpriseTech | 2021 |
| paytm | FinTech | 2021 |
| NYKAA | E-Commerce | 2021 |
| zomato | FoodTech | 2021 |
| policybazaar | FinTech | 2021 |
| MapmyIndia | EnterpriseTech | 2021 |
| Nexar | Gaming | 2021 |
| indiamart | Marketplace | 2019 |
| Justdial | Market place | 2013 |
| make my trip | Marketplace | 2010 |
| infoedge | HRTech | 2006 |

Indian startups have raised a total funding of around \$148 Bn until Q1 2024, these startups can potentially look to raise further funds from public listing.

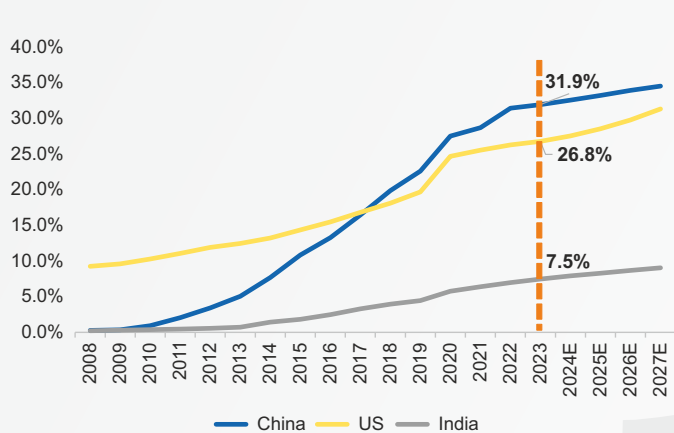
Source: Inc24, Orios Venture Partners. Data as on April, 2024. The above data is for information only and is not intended for investment. Investment in the fund will be made in line with investment objective/ asset allocation/ strategy of the fund. As per MF Regulations, the fund can only invest in listed or proposed to be listed companies.

Theme Illustrations

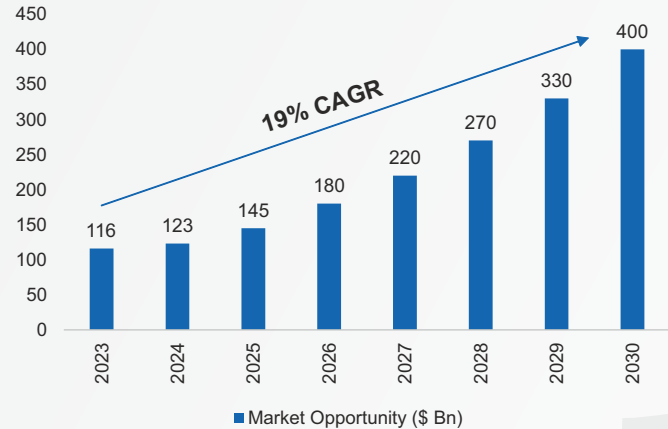


Ecommerce

Ecommerce as a percentage of total retail sales



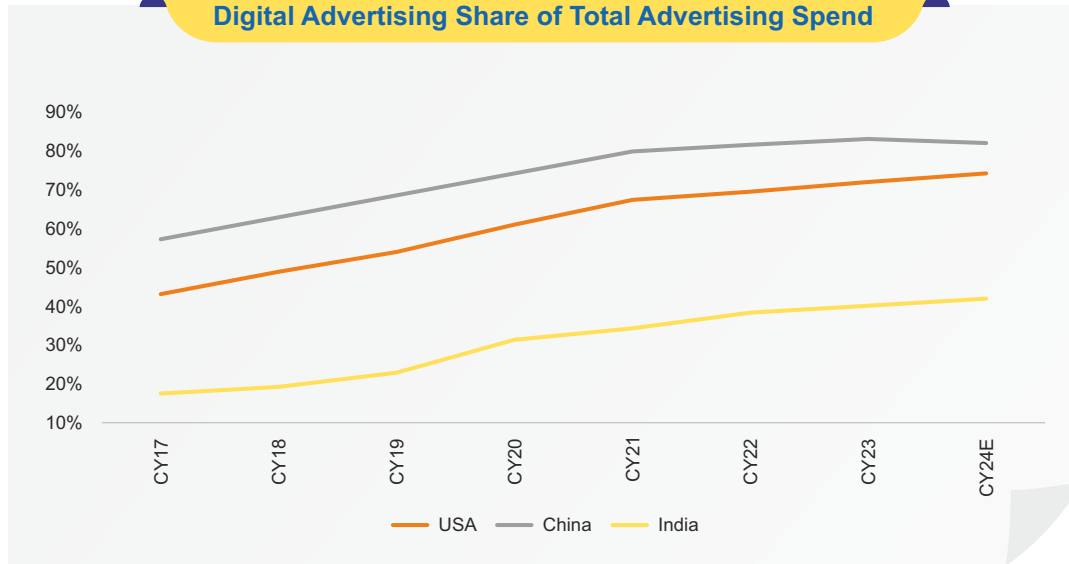
Ecommerce Market Opportunity (\$ Bn)



On the back of rising population, changing lifestyle, growing digital economy, online retail market in India is expected to see significant growth and become the 3rd largest online retail market by CY2030. Within ecommerce we believe Food Delivery, Online Fashion, Online Pharmacy and Cab Hailing have better growth prospects.

Source: Euromonitor; Inc42, The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not be a part of the investment universe.

Digital Advertising Share of Total Advertising Spend

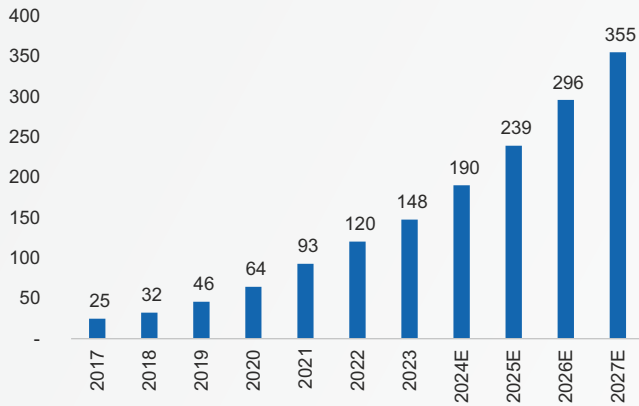


The share of digital advertising spend in India is still significantly low. On the back of rising internet penetration, the Adtech market in India is expected to grow at a CAGR of 25.7% from 2024 to 2030 as against 22.4% CAGR growth expected in global Adtech market. We believe both global and domestic Adtech segments offer good investment opportunities at the current juncture.

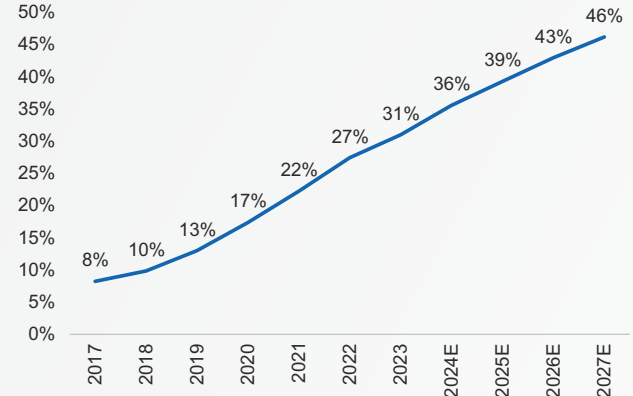
Source: Madison; Grand View Research; The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not have position in the said themes.

Cloud Computing

Global Cloud System Infrastructure Services market (\$ Bn)



Cloud Spending as a % Overall Infra spends

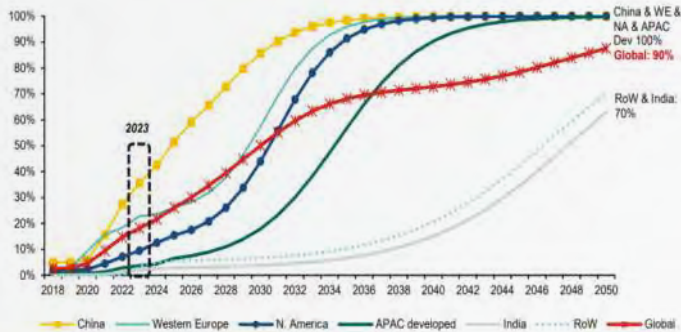


Spending on public cloud services is expected to double by 2027 driven by increased adoption of Generative AI and application modernization. We believe SaaS Product Companies and Cloud Infrastructure Providers will benefit from this growth.

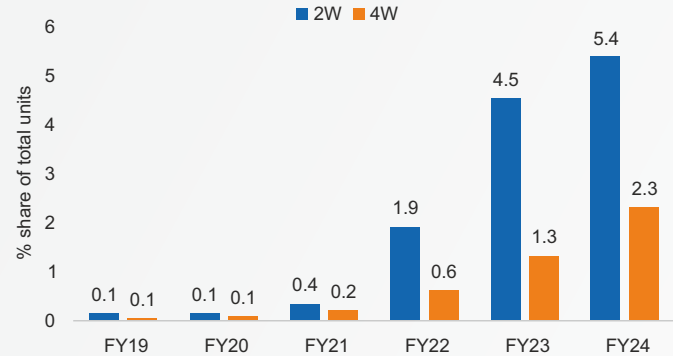
Source: Gartner; The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not have position in the said themes.

Electric Vehicles

Electric Passenger Vehicle Global Penetration



Domestic Electric 2W & 4W penetration

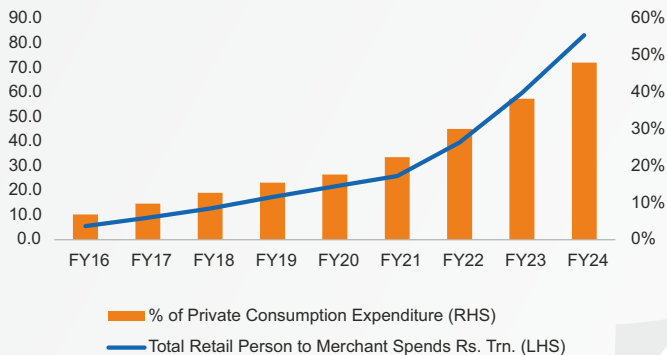


India's EV market is expected to grow at an impressive CAGR of 49% from 2022 to 2030. India is taking rapid strides towards achieving its target of 30% EV market share by 2030. EV sales projection however demands for an equitable availability of supporting infrastructure.

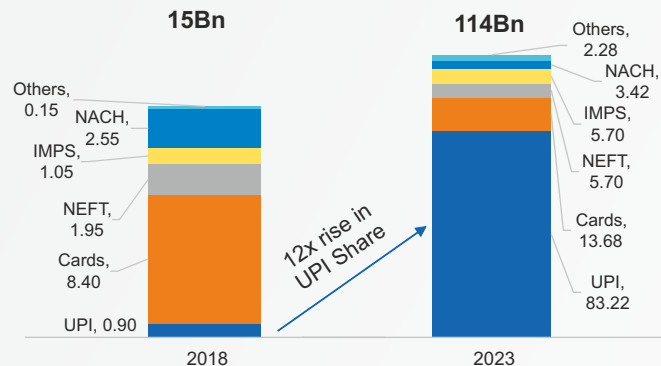
Source: SNE Research, HIS, Vaahan data, company disclosures; The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not have position in the said themes.

Online/ Digital spends as % of private consumption expenditure

Total Online/ Digital Spends - India



Digital Retail Payment Transactions

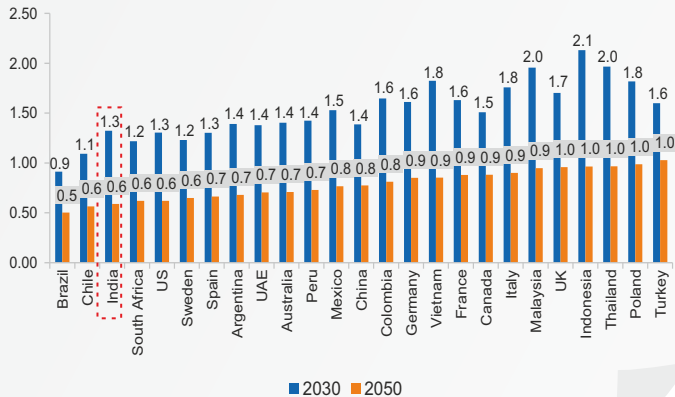


India is said to have the third largest fintech ecosystem globally. In addition to the demographics, factors such as the India Stack, JAM Trinity, Financial Inclusion and UPI have led to a fast-paced growth for FinTech segment. The key segments in FinTech that we believe can benefit from this growth are **Digital Lending, InsurTech and WealthTech.**

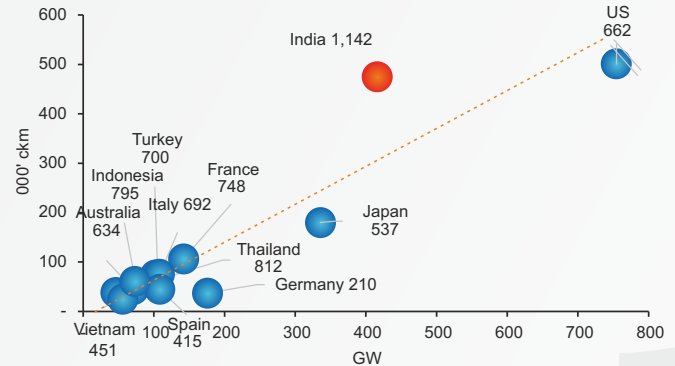
Source: RBI Website; Annual Report & Data Release; The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not have position in the said themes.

Clean Energy

Green Hydrogen Production Cost Estimates (\$/kg)



Transmission length vs. Installed generation capacity (ckm/GW)



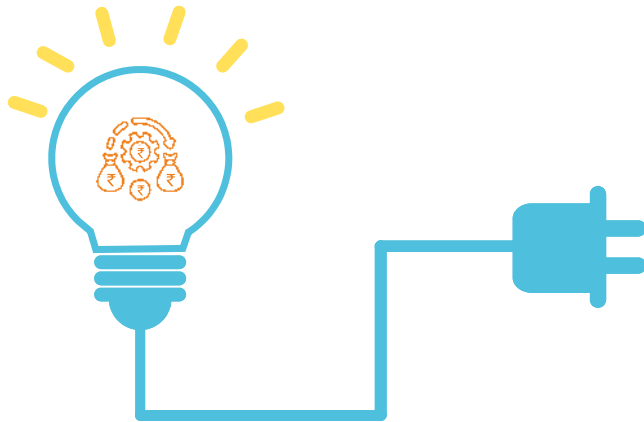
India has the potential to be one of the lowest cost hydrogen producers globally. India's Transmission length to GW of installed capacity (ckm/ GW) is higher than nearly all countries benchmarked.

Source: SNE Research, HIS, Vaahan data, company disclosures; The themes mentioned are not a recommendation to buy/sell in the said sub-themes. The scheme may or may not have position in the said themes.

About the Fund



Investment Strategy



Product/ Service Innovators



Companies that develop new products or services or significantly invest in R&D for new innovations. They challenge existing markets or create entirely new categories.

Process Innovators



Companies that innovate new processes, potentially disrupting existing business models and gaining market share through technological and process advancements.

Innovation Adaptors



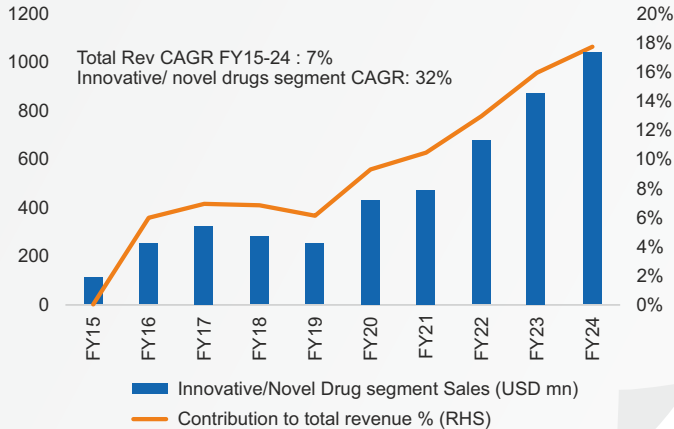
Incumbent companies that adapt to innovative business models, products, or services within their industry, showing agility in response to emergent trends.

These adaptive innovators may not necessarily overhaul their entire business model but exhibit innovative strategies in specific segments or verticals that has potential to meaningfully impact the business.

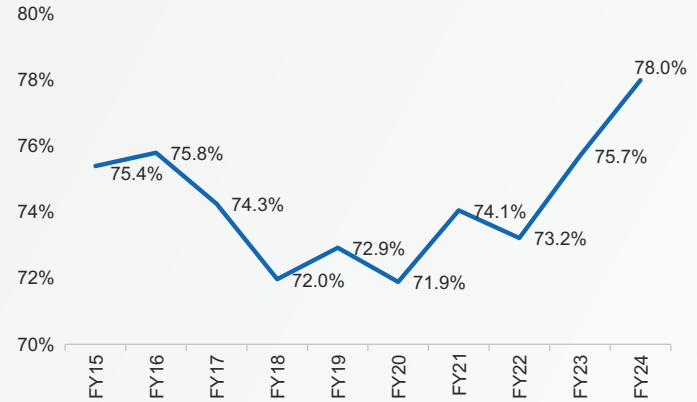
Each category presents opportunities and risks, which will guide investment decisions. For detailed investment strategy please refer Scheme Information document carefully.

Product/ Service Innovators – Case Study

The innovative/ novel drugs segment grew much faster than the generic drugs segment



Leading to overall expansion in gross margins %



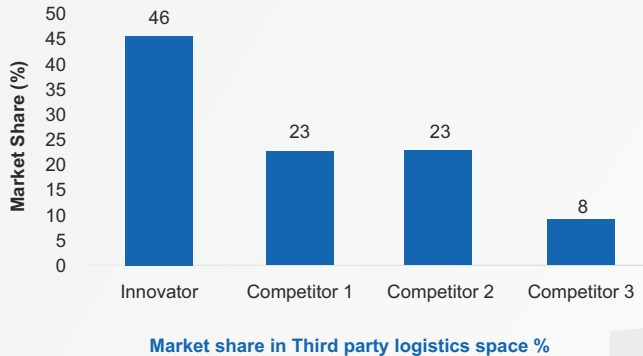
» This pharma company was able to innovate through its R&D investments and move up the value chain towards innovative/novel drugs development from being a generic drug developer.

» This pivot has helped the company to create a completely new business segment with strong moat and subsequently increase its overall profitability.

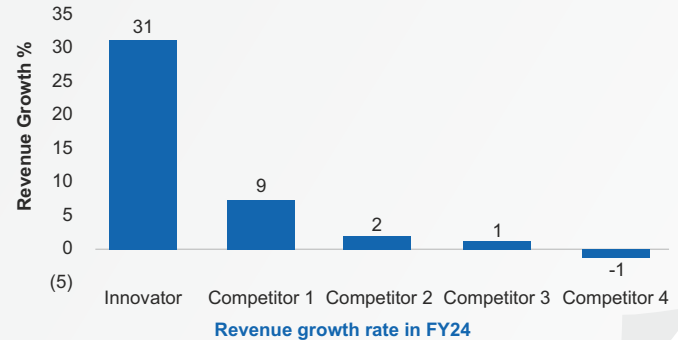
The above is for illustration purposes only to give an idea about the investment philosophy. These stocks may/ may not be part of the portfolio. The fund manager will take appropriate call at the time of construction of the portfolio. It should not be considered as investment advice in any aspect. Please consult your financial advisor before taking any decision of investment.

Process Innovators – Case Study

The company garnered 2x mkt share compared to its nearest competition in 3PL space



And continues to grow faster than its competition

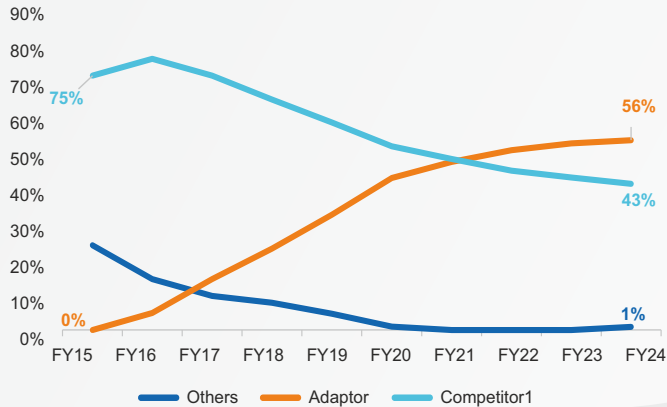


- » This delivery company was able to dominate the traditional logistics industry and was able to outpace competitors through sheer operational efficiency and innovative processes.
- » The company adapted technology achieving higher automation, operational efficiency and lower cost of delivery compared to peers. Its proprietary Technology Platform consists of over 80 applications covering all supply chain processes.
- » The company adopted a “Mesh Network” for logistics, opposed to hub-and-spoke model of traditional logistics players, enabling higher utilization of trucks through serving of touchpoints as per demand/ availability.

The above is for illustration purposes only to give an idea about the investment philosophy. These stocks may/ may not be part of the portfolio. The fund manager will take appropriate call at the time of construction of the portfolio. It should not be considered as investment advice in any aspect. Please consult your financial advisor before taking any decision of investment.

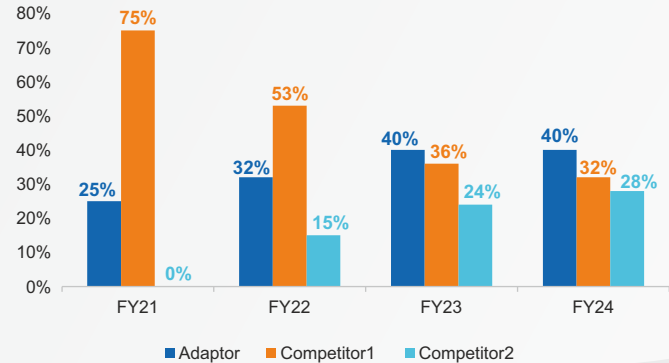
Innovation Adaptors – Case Study

Despite being a late entrant, the company became a market leader



Market share trends in food delivery %

And repeated the same in the quick delivery segment



Market share trends in quick commerce %

» This food delivery company is a late adaptor in an already highly competitive space with a strong incumbent. However, the company was able to emerge the market leader, using its technology and operational innovation.

» The company was able to replicate the same in another emerging trend, quick commerce.

The above is for illustration purposes only to give an idea about the investment philosophy. These stocks may/ may not be part of the portfolio. The fund manager will take appropriate call at the time of construction of the portfolio. It should not be considered as investment advice in any aspect. Please consult your financial advisor before taking any decision of investment.



How do we identify Innovative companies

Target businesses adopting automation, AI, or sustainable practices in their processes that lead to **cost reduction & improved efficiency & value enhancement.**



Identify incumbent companies that demonstrate **agility in adapting to new technologies or business models.**



Identify companies with a proven **trend of launching successful products/ services** reflecting their ability to innovate & capture market share.



Focus on those making strategic investments in emerging market segments or verticals in addition to its core business.



Focus on companies with a **significant portion of their revenue allocated to R&D & strategic partnerships.**

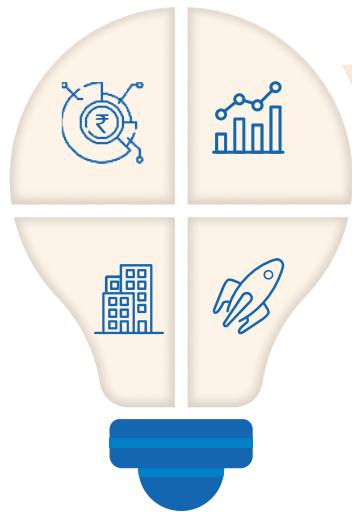


Focus on firms that not only innovate but also create **sustainable competitive advantages** through their innovations.



This is based on the prevailing market conditions & current views and is subject to change within the limits of the SID basis the fund manager's view.

Portfolio Construction Approach



Min 80% of net assets investing into companies falling into innovation theme buckets

Upto 35% of net assets investing into global stocks aligned with the underlying theme

True to its label diversified portfolio investing across sectors & Market cap

Aims to have a portfolio of ~35-40 stocks with bottom-up stock selection approach

Companies with Long runway for growth, competitive advantage, potential for generating Strong ROE & cashflows etc.



Further, to achieve diversification the Scheme may also invest residual net assets i.e. up to 20% of the net assets in companies other than the companies following innovation theme.

This is based on the prevailing market conditions & current views and is subject to change within the limits of the SID basis the fund manager's view.

Fund Facts & Product Suitability



Suitable for...

Investment Opportunity



Investors looking for a fund that consistently seeks out investment opportunities in upcoming trends and disruptive business ideas will find this fund true to label.



Investors seeking capital appreciation through investments in forward-looking business ideas and a growth-oriented long-term portfolio will find this fund appealing.



Investors seeking diversification through portfolio allocation across sectors and market caps, offering a unique avenue to tap into emerging trends and markets.

Fund Facts



Name

SBI Innovative Opportunities Fund

An open-ended equity scheme following innovation theme.



First Tier Benchmark Index

NIFTY 500 TRI



Category

Thematic



Minimum Application[^]

₹ 5,000/- and in multiples of ₹ 1 thereafter



Fund Manager[§]

Mr. Prasad Padala



Minimum Monthly SIP^{*}

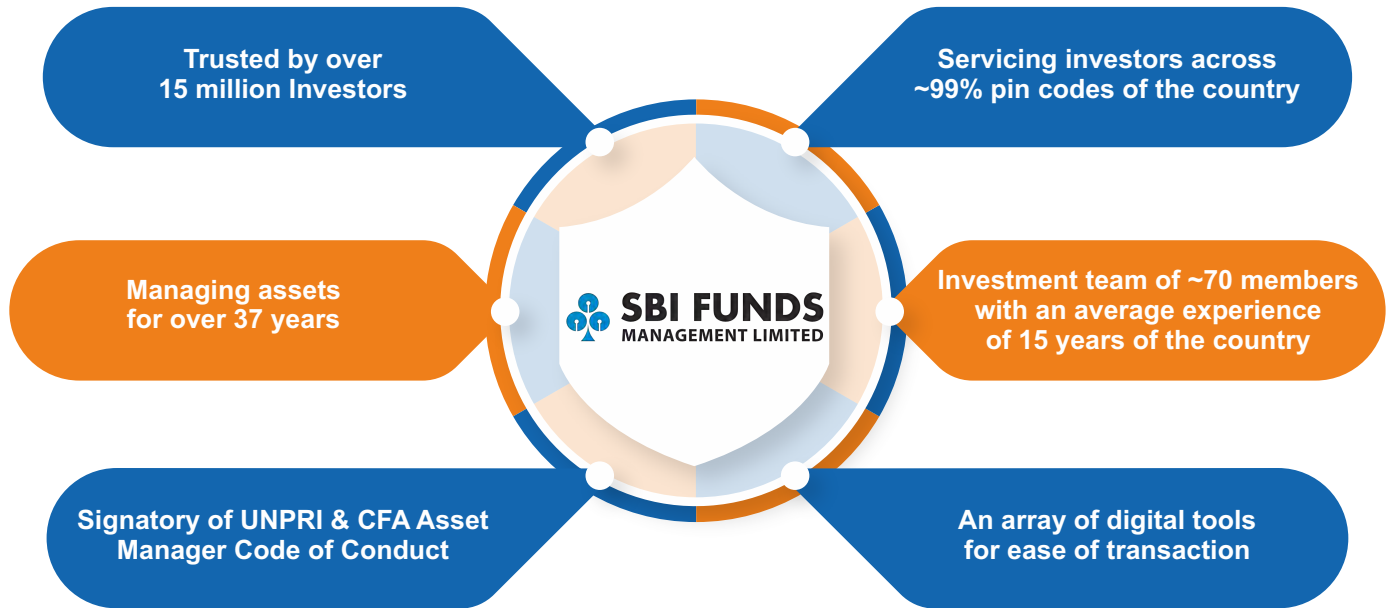
Minimum ₹ 500 & in multiples of ₹ 1

Exit Load

- For Ongoing basis: 1% of the applicable NAV - If units purchased or switched in from another scheme of the fund are redeemed or switched out on or before 1 year from the date of allotment.
- NIL - If units purchased or switched in from another scheme of the fund are redeemed or switched out after 1 year from the date of allotment.

For details, please refer to the Scheme Information Document (SID). [§]Mr. Pradeep Kesavan is the dedicated fund manager for overseas securities. [^]Additional Purchase: ₹ 1,000 and in multiples of ₹ 1 thereafter. ^{*}For detailed minimum amount of SIP across frequencies & number of installments, please refer to SID/KIM.

Why SBIFML



Source: Internal.

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.**