



**SUNDARAM MUTUAL**  
UNEARTHING OPPORTUNITIES

# SUNDARAM BUSINESS CYCLE FUND

An open ended equity scheme following  
business cycle based investing theme.

This product is suitable for investors who are seeking\*  
Capital appreciation over long term

Focus on riding business cycle through dynamic allocation between various sectors and  
stocks at different stages of business cycle in the economy.

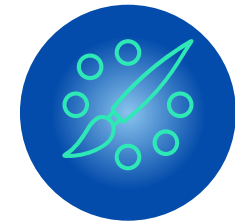
*\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them*

**NFO Opens: June 5, 2024**  
**NFO Closes: June 19, 2024**

MUTUAL FUNDS INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

# What is Sundaram Business Cycle Fund

## Dynamic Thematic Fund investing in long-term emerging mega trends



**Themes** create business cycles



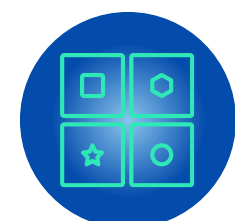
**Lower correlation** with sectoral cycles



Unique **concentrated exposure**



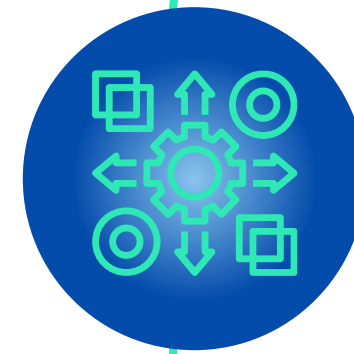
Themes **can outperform** broader markets



Themes **cut across sectors**



# Macro factors create long term business cycles



Macro factors drive medium to long term business cycles





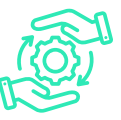


- Self Reliance: Make in India
- Technology
- Climate change & environment
- Demographics: Urbanization, Formalization, Premiumization



Businesses capitalizing on cycles achieve above-average growth leading to outperformance.

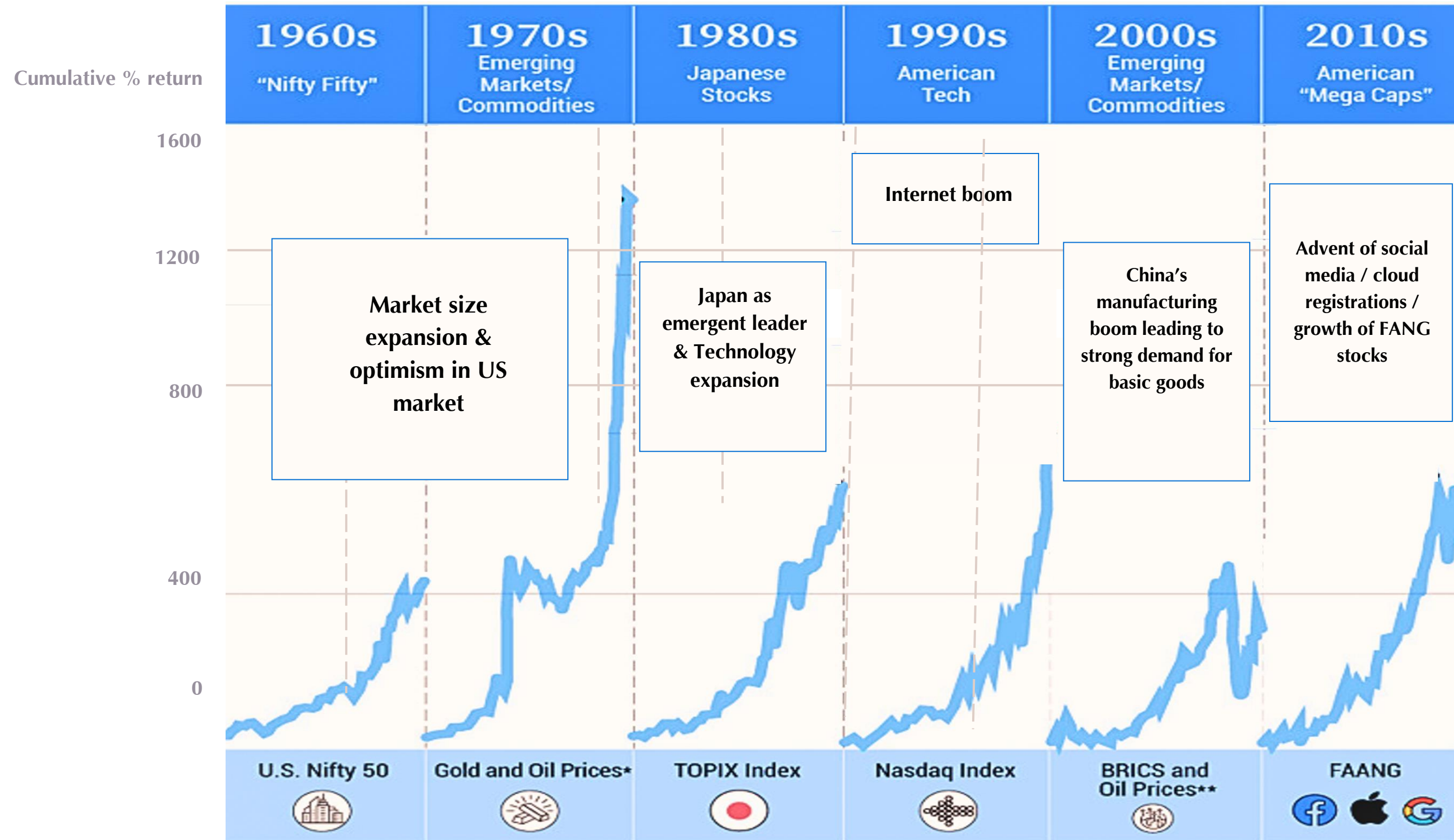
**The Sundaram Business Cycle fund aims to capitalize on emerging themes and businesses entering strong growth cycles**

# Macro Factors and **Businesses that benefit**

Factors		Business that face the favourable cycle	
	Self-reliance	➔	Manufacturing, Indigenization, Infrastructure, Healthcare
	Technology	➔	E-commerce, Fintech, Food-tech, Edu-tech , Block-chain, AI
	Climate change, Environment	➔	Renewables, De-carbonization
	Demographics	➔	Urban Real Estate, Modern Retail
	Social Change & Nuclearisation	➔	Food, Convenience , Quick-commerce
	Formalization	➔	Shifting of market share from Unorganized to Organized sector
	Premiumization	➔	Demand for higher Quality Product and Services

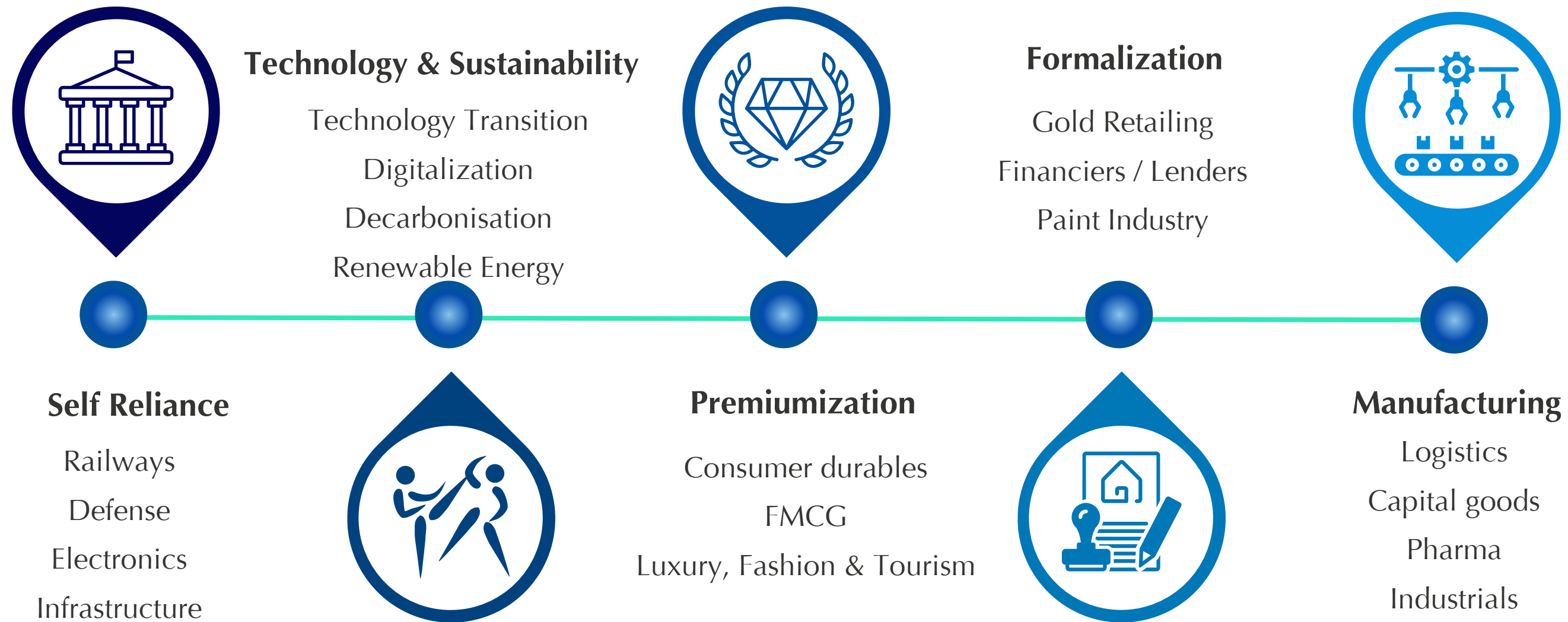
# Cycles driven by themes have created excess returns

## Investment themes since 1960

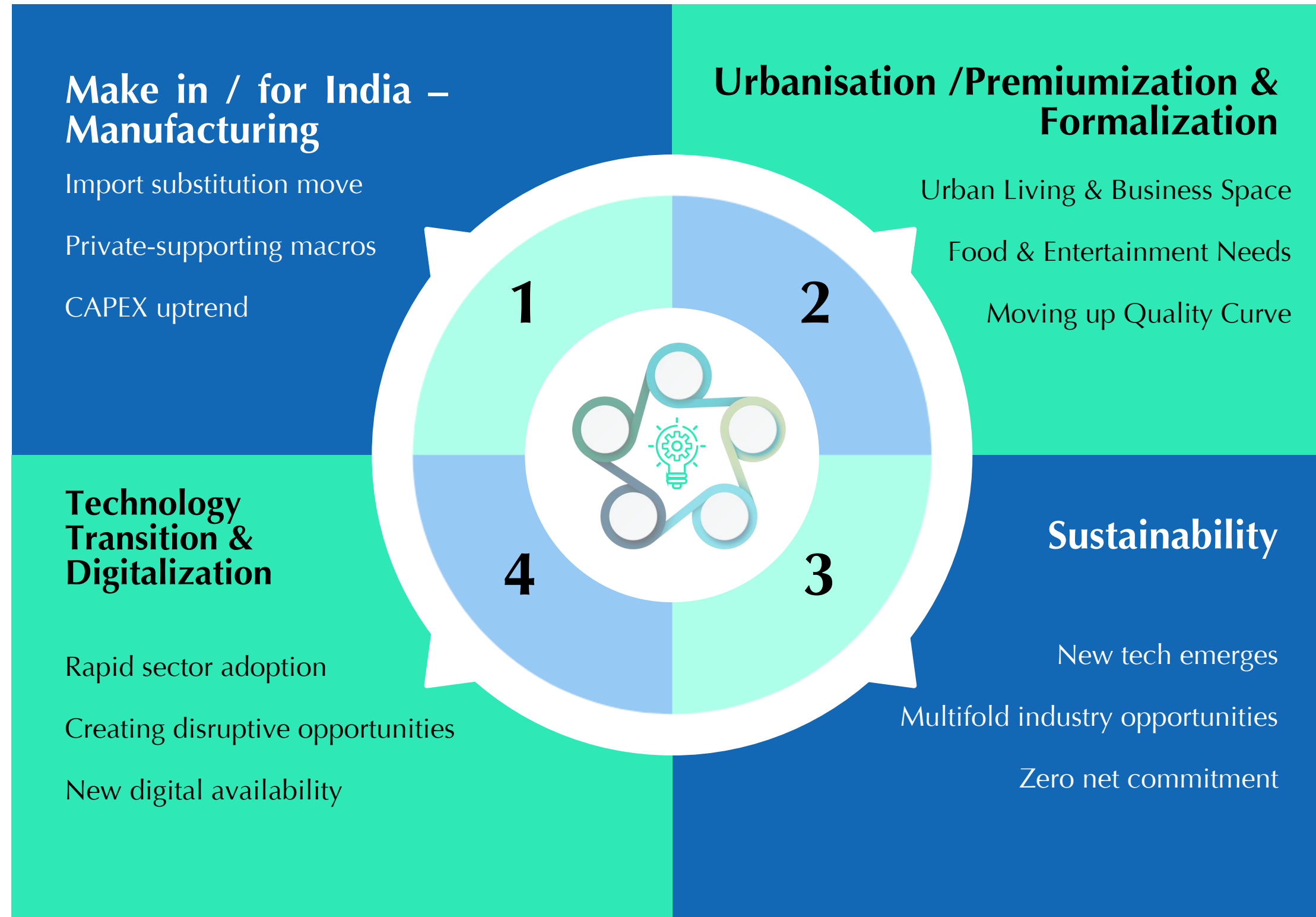


Source: Visual Capitalist, Morgan Stanley, Investment Management, Bloomberg, Factset, Haver

# Themes cut across sectors – some examples



# Current Themes



# Theme 1 - Make in India - Manufacturing

## Inflexion of:



## Enablers:



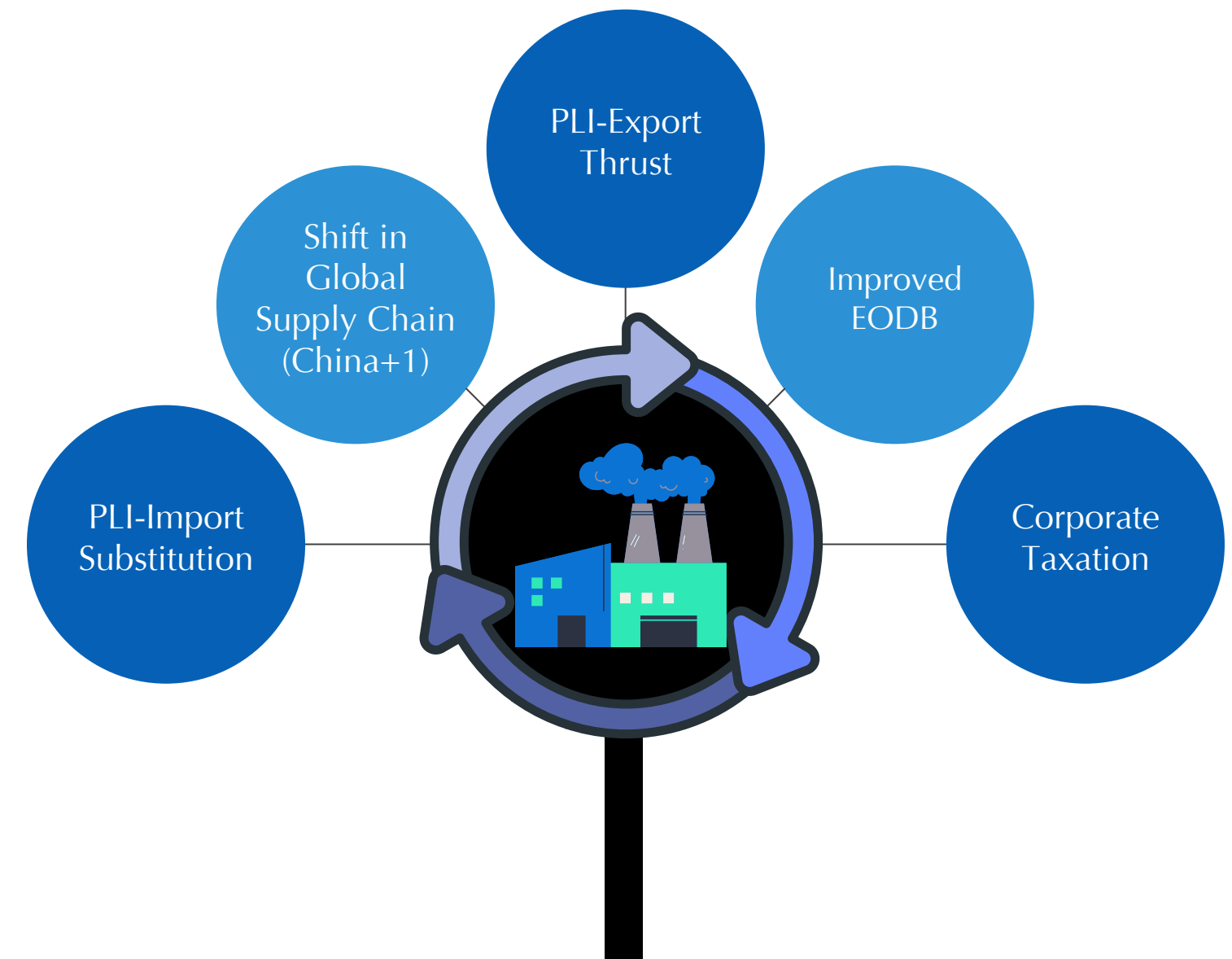
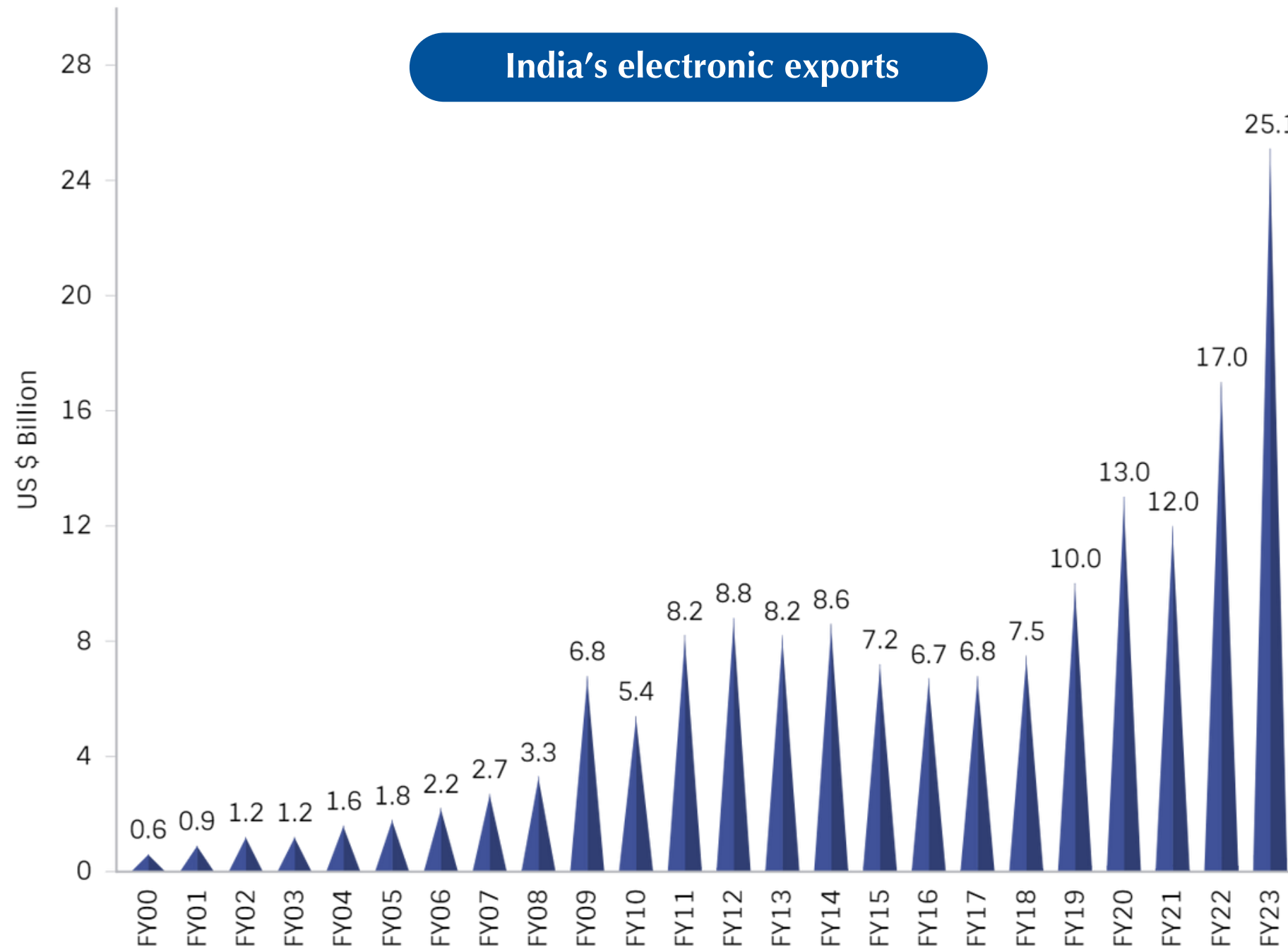
Make for India and Make in India



Large skilled and semi-skilled workforce



# Make in India - Manufacturing



**Share of Manufacturing on the rise.  
Manufacturing is becoming the key growth driver for India**

# Make in India

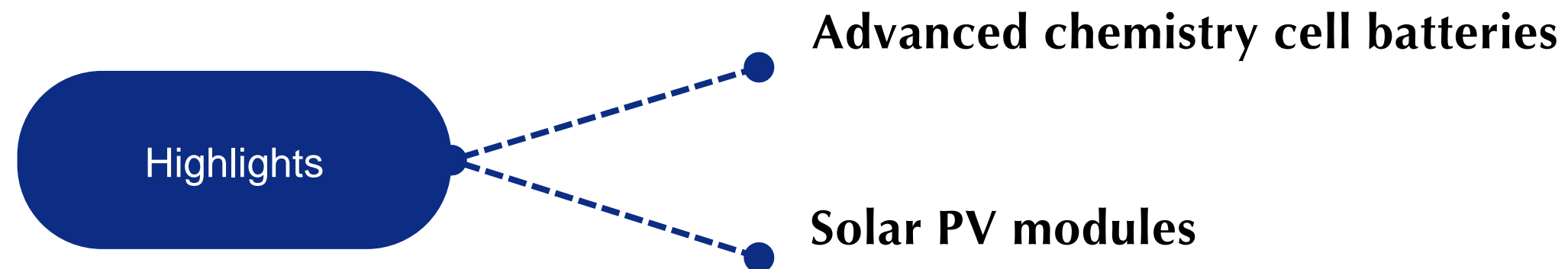
## Production Linked Incentive scheme

PLI is aimed at achieving

- Import substitution
- Job creation
- Export orientation

Production Linked Incentives (PLI) schemes span 14 sectors with an expected total outlay of **INR 2.47Tn (US\$32.9bn)**.

Semiconductor and Display Ecosystem	Autos & Drones	Textiles	Pharmaceutical Drugs	Pharmaceutical Drugs (KSM/API)
Specialty Steel	Advanced Chemistry Cells Battery Storage	High-Efficiency Solar PV Modules	Telecom & Networking Products	Large-scale Electronics Manufacturers
White Goods (Air-conditioners and LED lights)	Food Processing	IT Hardware	Medical Devices	Specified Electronics Component Manufacturers



# Make in India China Plus One

Manufacturing opportunities have increased for India as an additional destination for global firms looking to diversify away from China.

**Global iPhone shipment share up to 10%, from <1% in 6 yrs**

Year	Models	Global Shipment Share (%)
2017	iPhone SE (1st Gen)	<1%
2018	iPhone 6S	<1%
2019	iPhone 7 & XR	~1%
2020	iPhone 11, SE (2nd Gen)	<2%
2021	iPhone 12	3%
2022	iPhone 13,14	7%
2023	iPhone 15	10%

# Theme 2 - Urbanization / Premiumization / Formalization

**Enablers:**

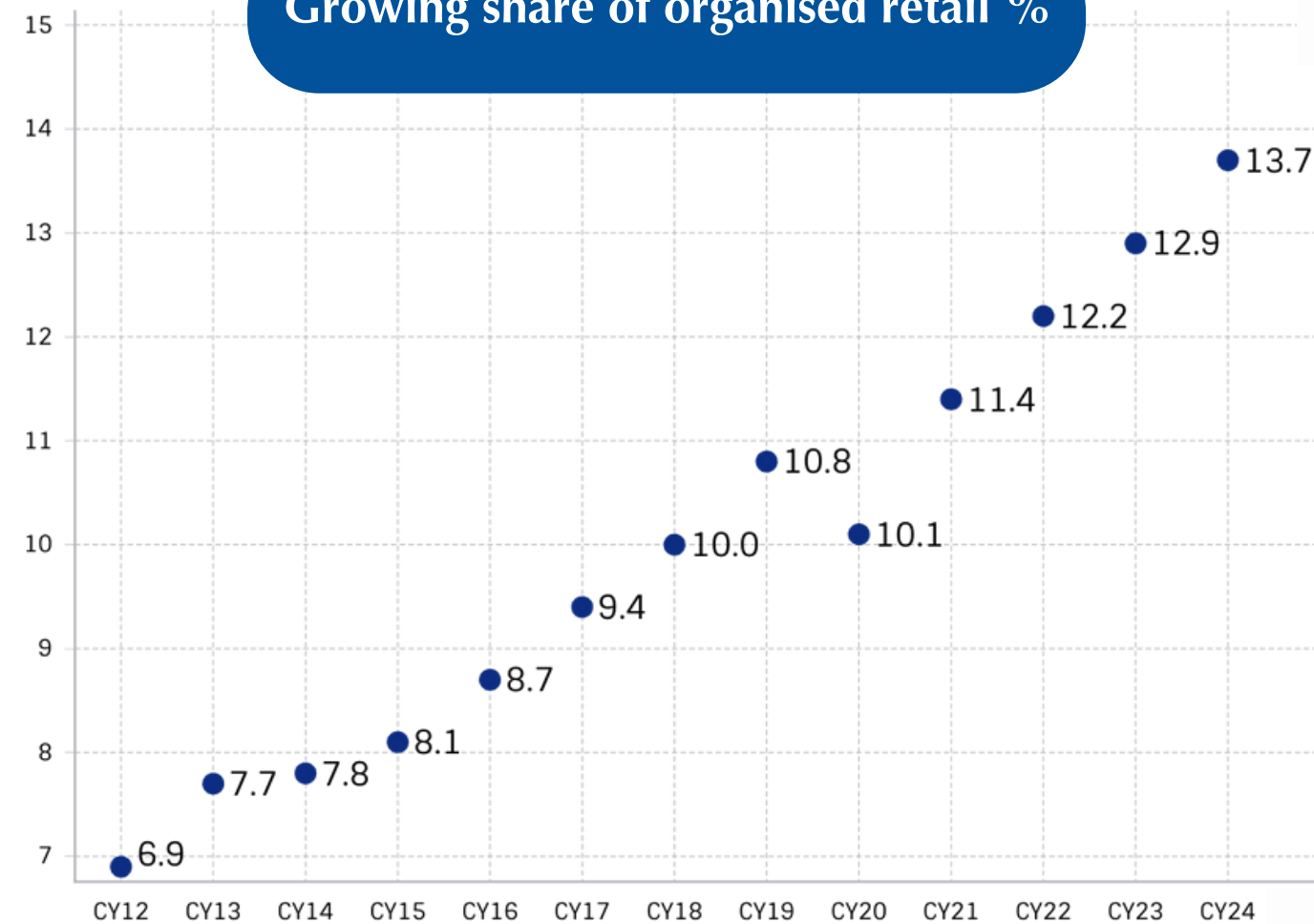


Rise of Tier 2 and Tier 3 cities

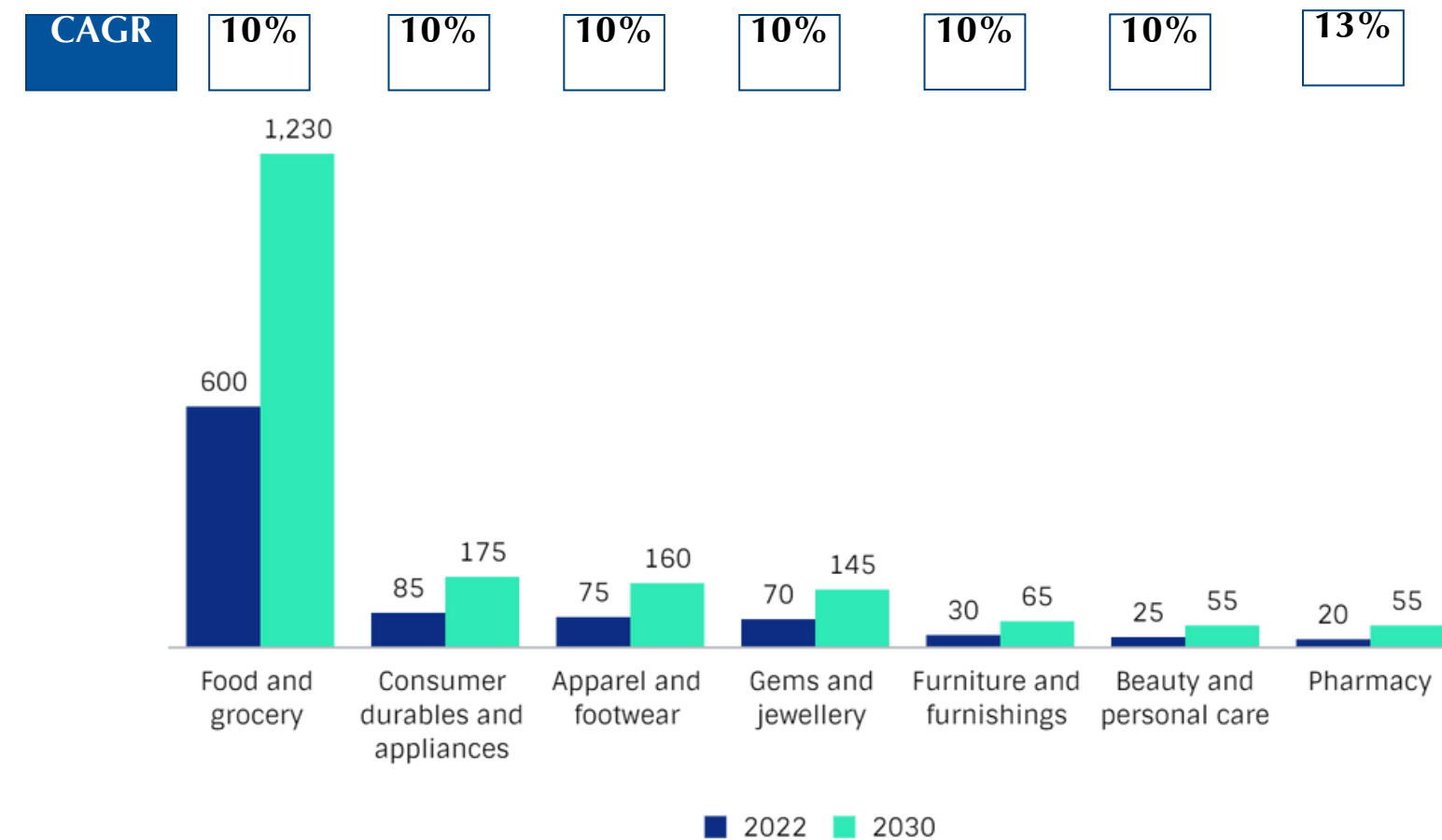


Increase in purchasing power and growing appetite for aspirational brands and quality retail infrastructure

**Growing share of organised retail %**



**Diverse Growth Frontiers in Indian retail: From food and grocery to apparel, jewellery, and luxury (USD Bn)**



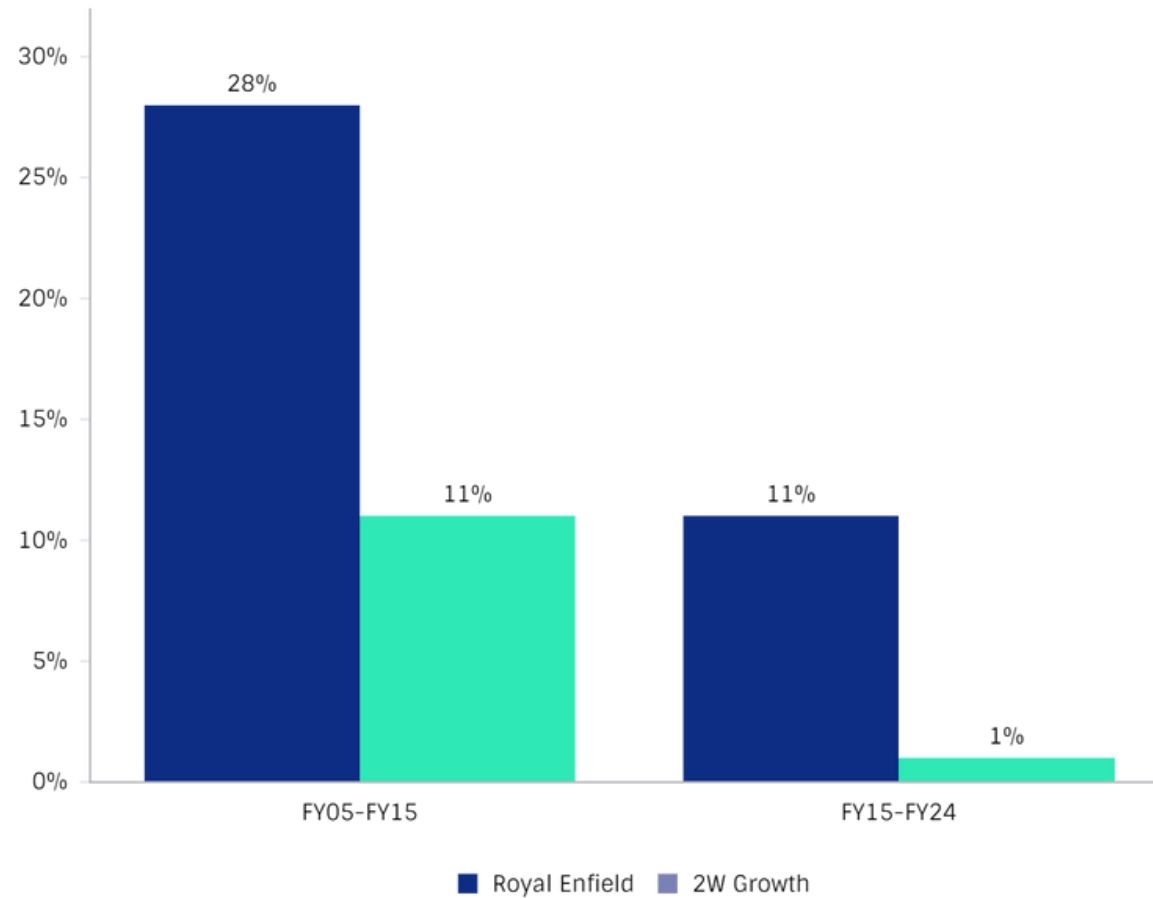
# Premiumization

## 2W and 4W

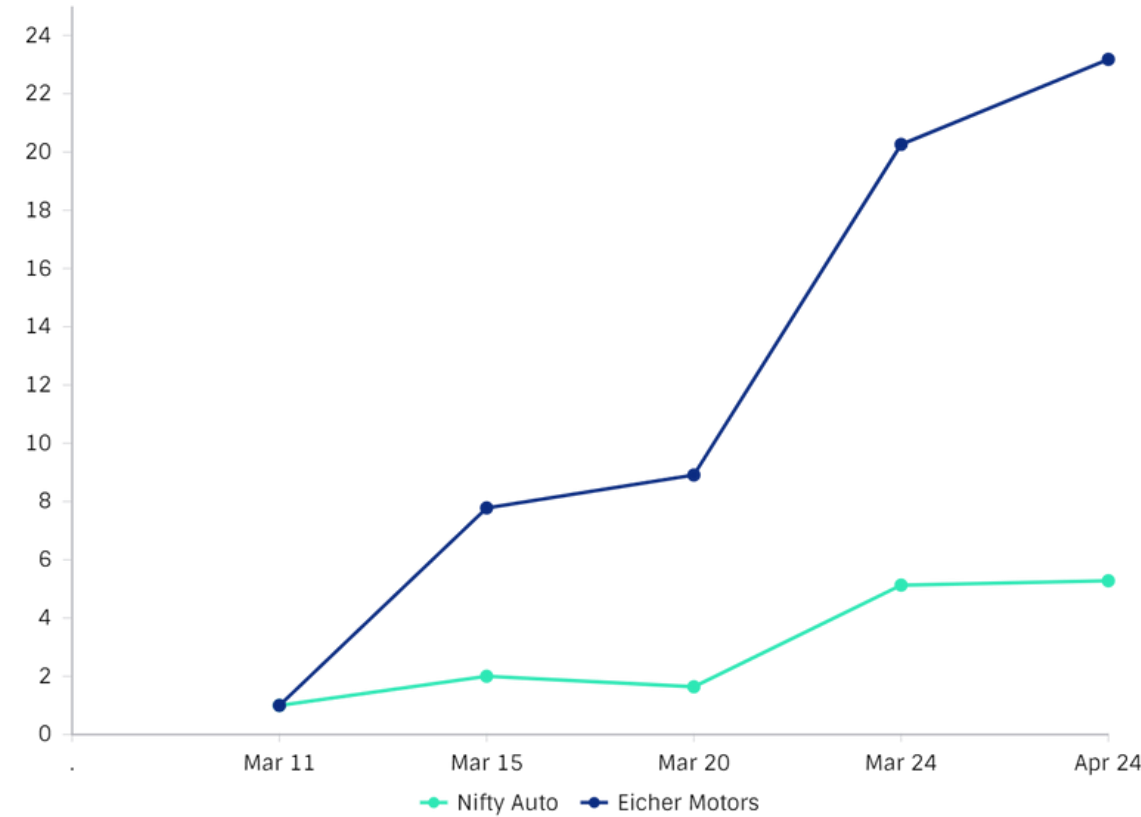
Changing behavior of younger customers (20-30 years) and improved availability of finance created demand for Experience-biking



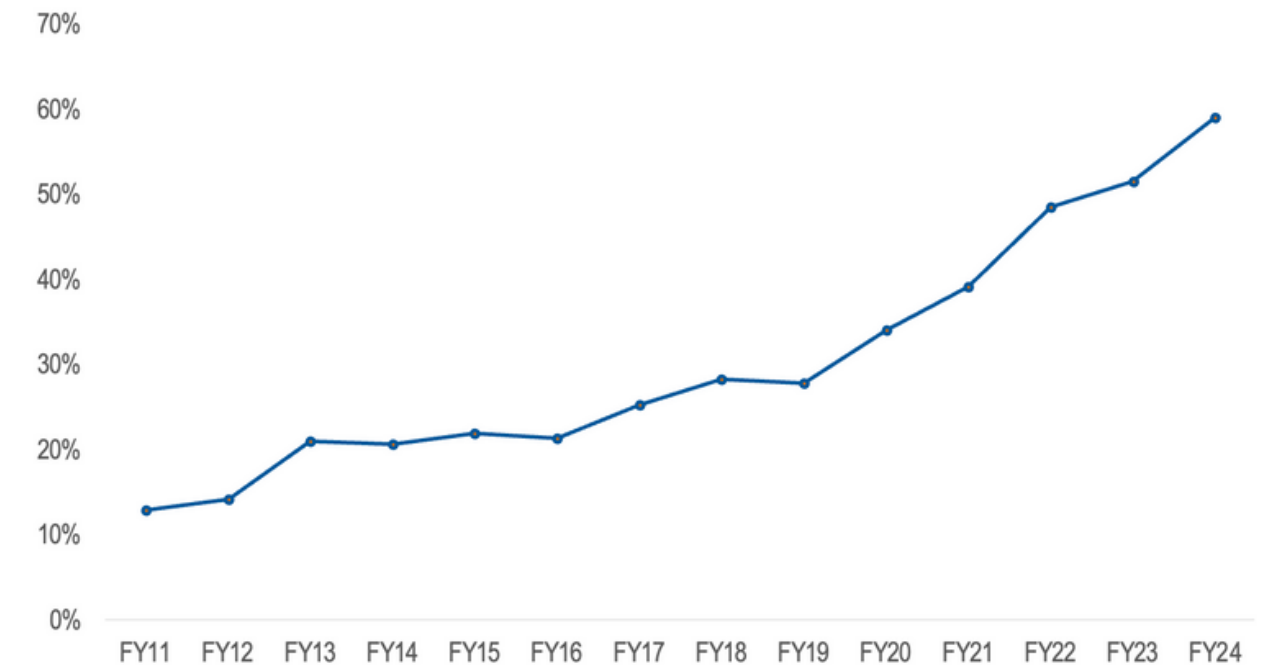
250cc growth (RE) stands out



RE was able to create value over Auto index



Increasing 4 wheeler UV penetration



Source is SIAM, NSE. Nifty Auto Index and Eicher Motors Price Rebased to March 2011

# Formalization – Driven mainly by stringent compliance.

## Eg: Enforcement of GST

### Consolidation across many sectors

Sector	Parameter	Share	FY10	FY17	FY20	FY23
Bank Credit	Credit Market Share	Top 6	47.30%	48.40%	55.80%	61.80%
Cement	Sales Volume	Top 5	35.40%	46.60%	53.00%	58.00%
Steel	Sales Volume	Top 6	57.00%	56.00%	63.00%	64.00%
Building material - Pipes	Revenue	Top 5		33.00%	36.00%	39.0%^
Multiplex	Gross Box office collections	Top 2	6.00%	24.00%	28.00%	35.00%

Consolidation across many sectors has accelerated in the last three years. Anecdotally, we are witnessing more consolidation in categories like Electrical Cables, Tiles, Batteries, Luggage and Grocery retail. Incremental market share in FY23 v/s FY17 garnered by a few players should logically lead to more pricing power. Ability to hold prices when inflation eases remains a key monitorable.

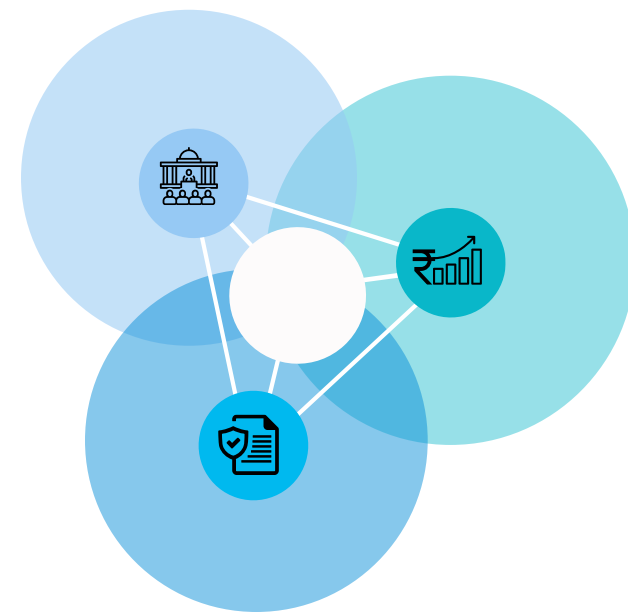
How benefits of consolidation played out over the last 5-6 years



^ Corresponds to FY22 numbers  
Source: Avendus Spark Research

# Theme 3 – Sustainability

## Driven by climate change and environmental concerns



Recycling

Mobility: IC to EV

Energy: Renewables  
and Decarbonisation

TECHNOLOGY SHIFTS CURRENTLY UNDERWAY

## Enablers



### EV

**Mandatory adoption:** Global shift towards cleaner fuels with defined roadmaps for EV adoption. India treading similar path through schemes such as FAME, PLI and lower GST.

**Voluntary adoption:** Reducing battery prices making total cost of ownership attractive.



### Energy

Policy support to drive to support

Create export scale capacities to manufacture electrolyzers, Solar PV systems and Wind turbines

Viability gap funding for 4GWh battery energy storage systems

Hydrogen mission for 5Mn TPA green hydrogen capacity and the addition of 125 Gigawatts of renewable energy capacity by 2030

## Trends



### EV adoption across markets and decarbonisation

Global Investments already underway towards net zero target

Increased scale to drive further improvements in cost of technology and drive substitution

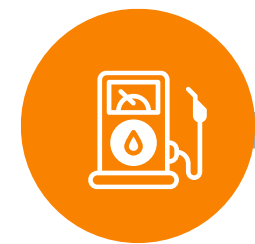
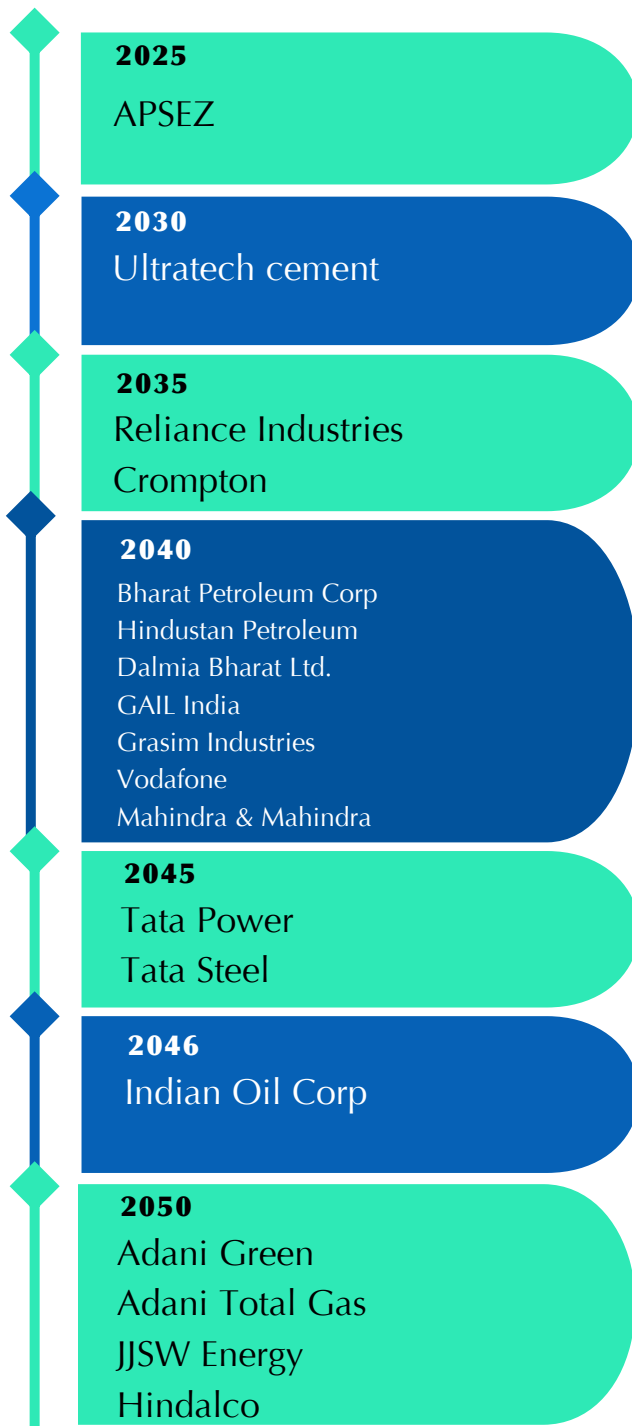
Global experience on energy transition suggests meaningful value creation as scale sets in



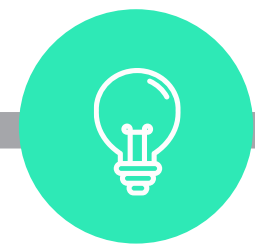
# Sustainability

## Need for cleaner energy sources

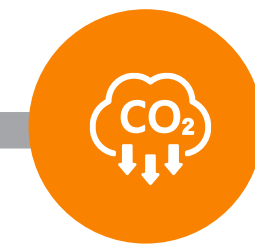
Large Indian Corporate's commitments on Net Zero



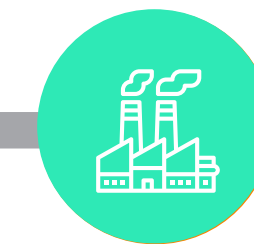
Increase non-fossil energy capacity to 500GW by 2030



Fulfil 50% energy requirements from RE sources by 2030



Reduce projected carbon emission by 1Bn ton by 2030

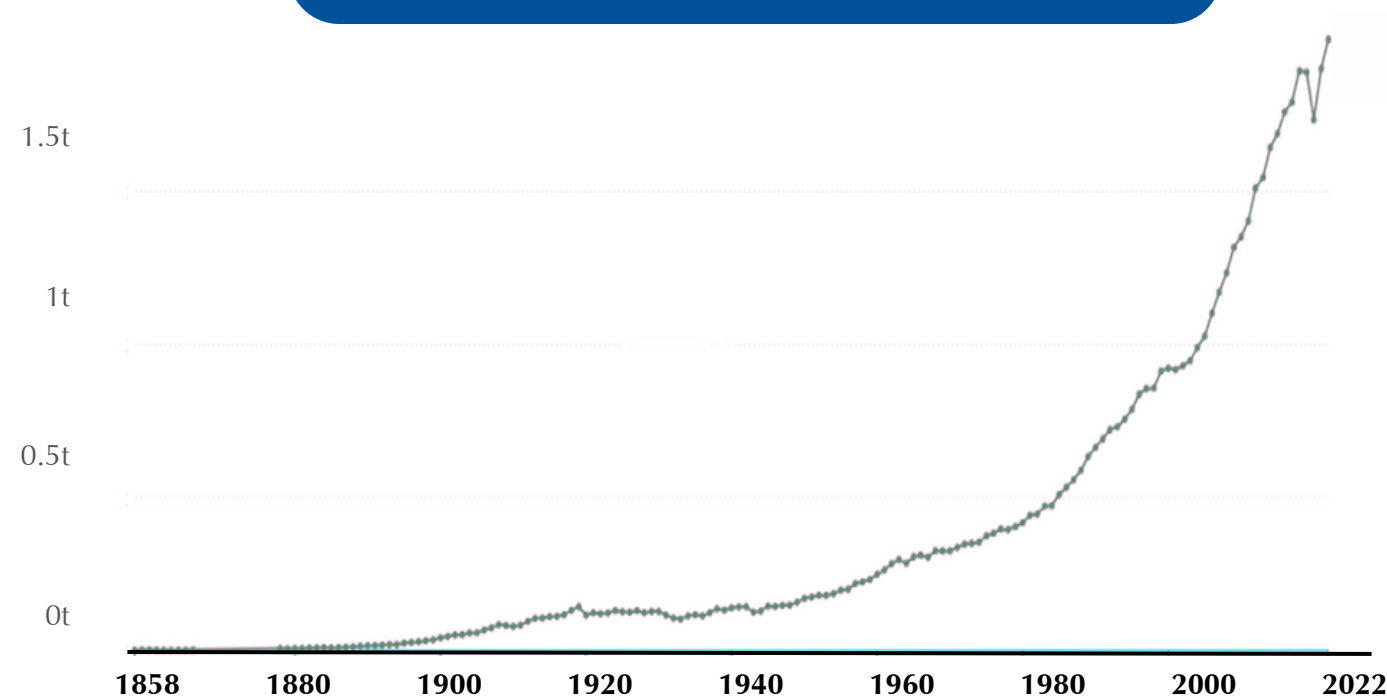


Reduce carbon intensity by 45% by 2030



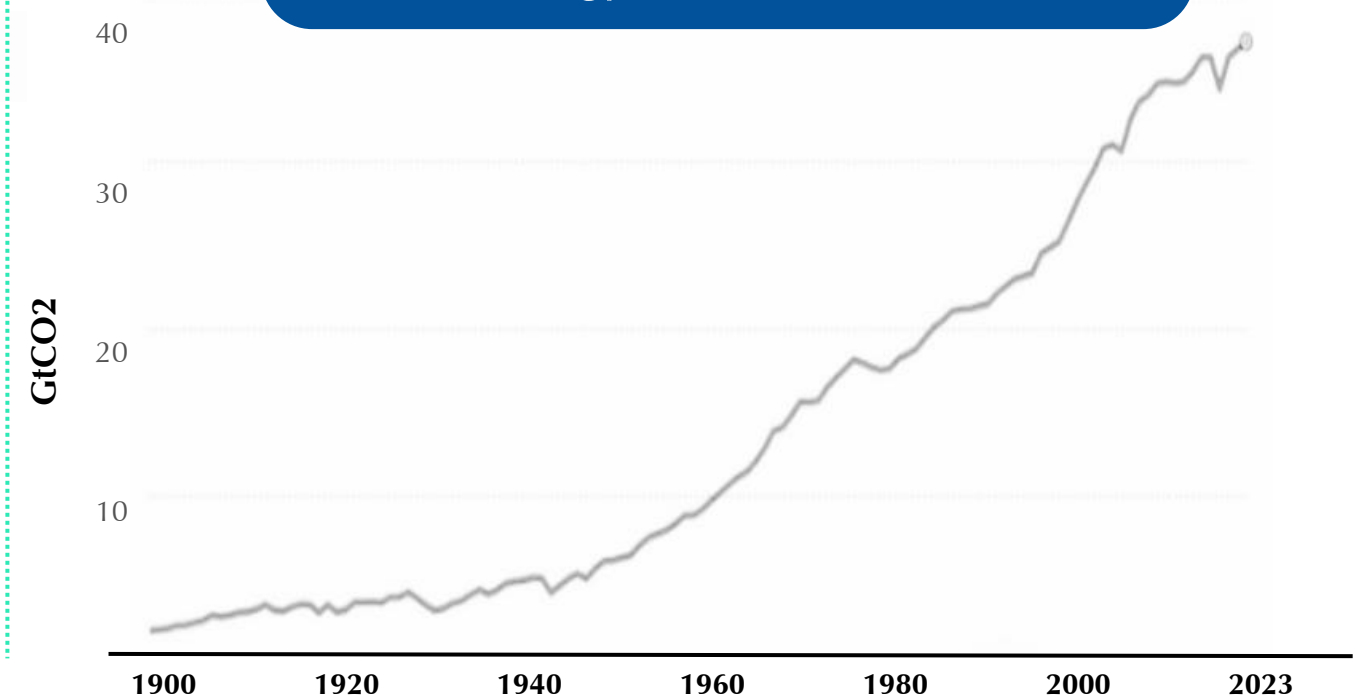
Achieve Net Zero emissions by 2070

India Per capita CO2 emissions



Source: ourworldindata.org

Global Energy related CO2 Emissions

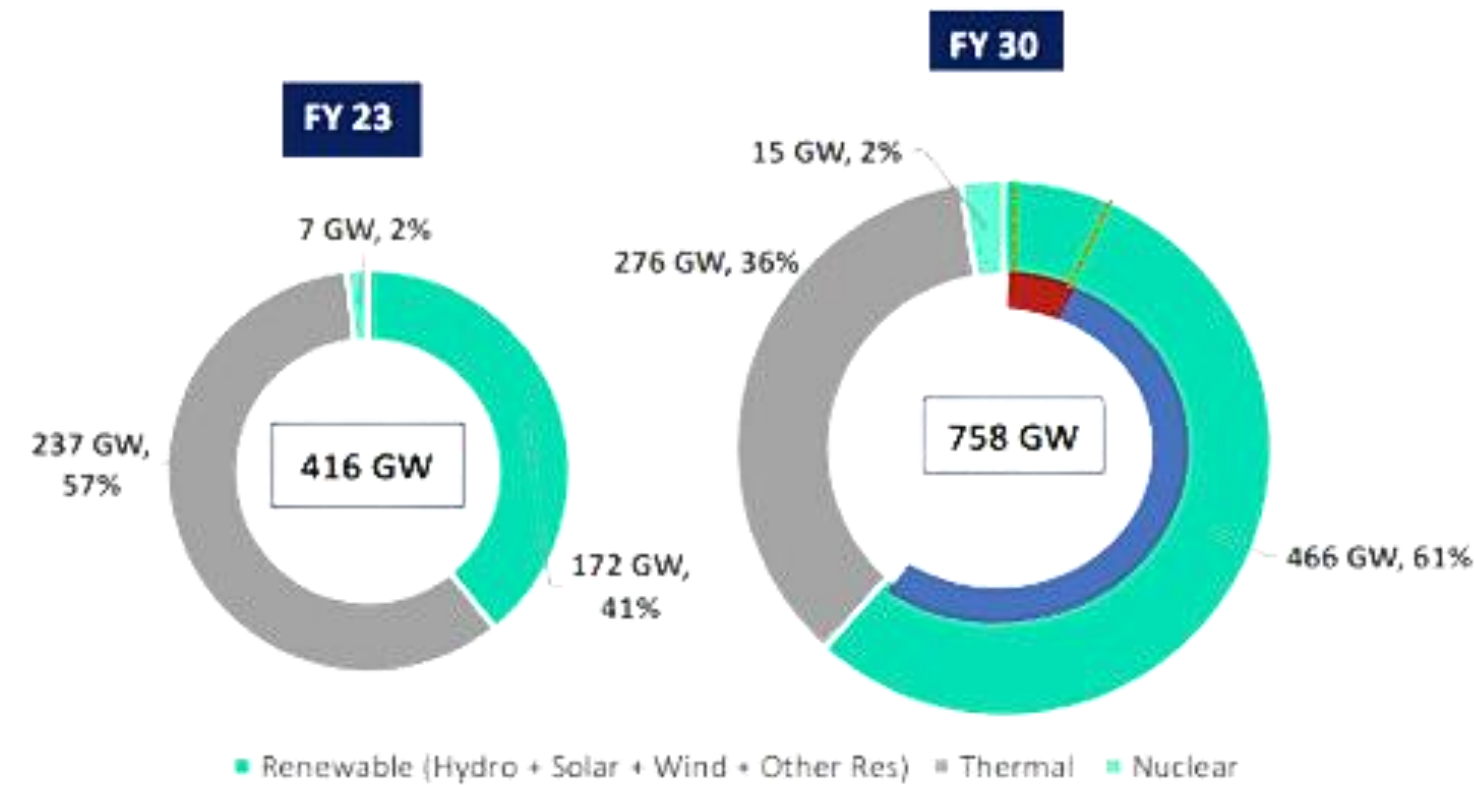


Source: www.mercomindia.com

# Sustainability

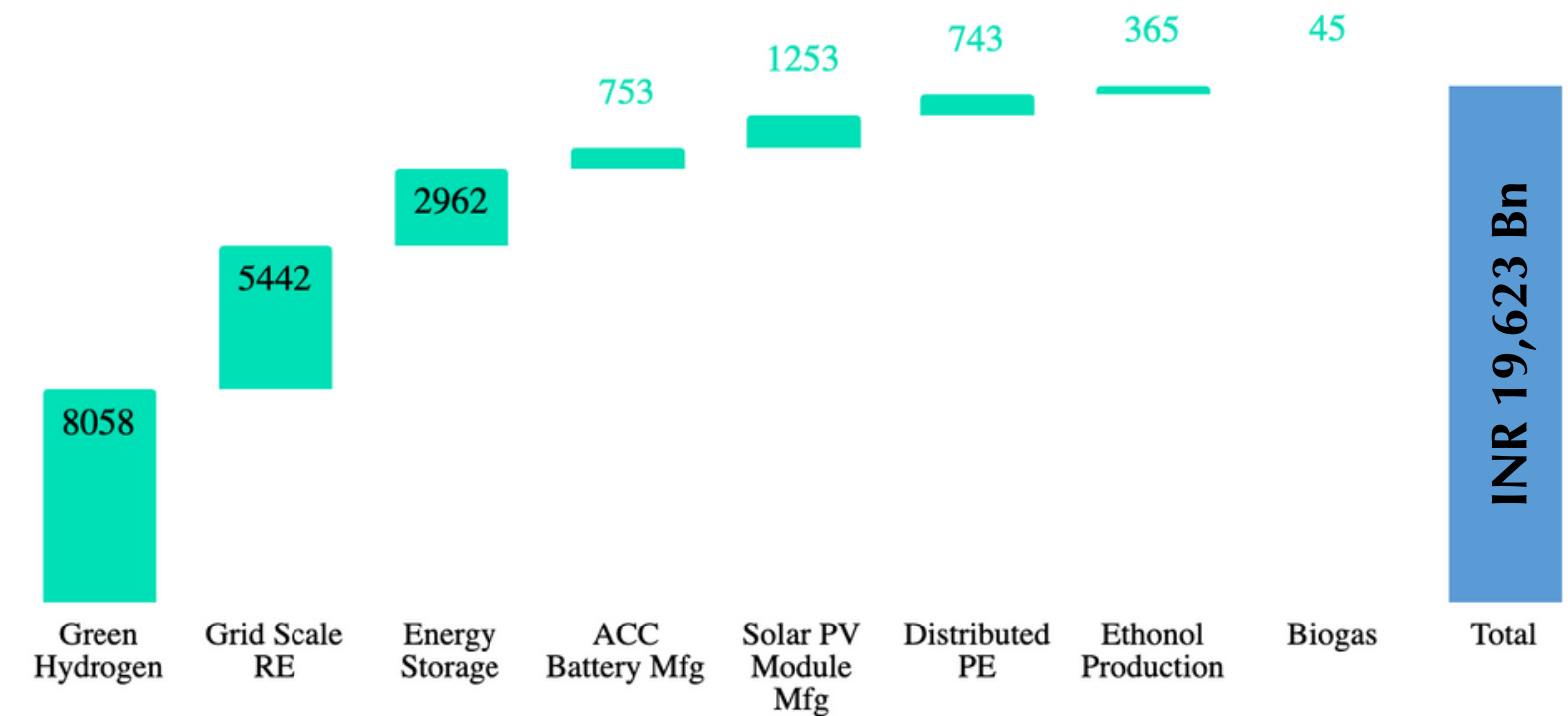
## Renewables going up in power generation mix

### Rising Mix of Renewables



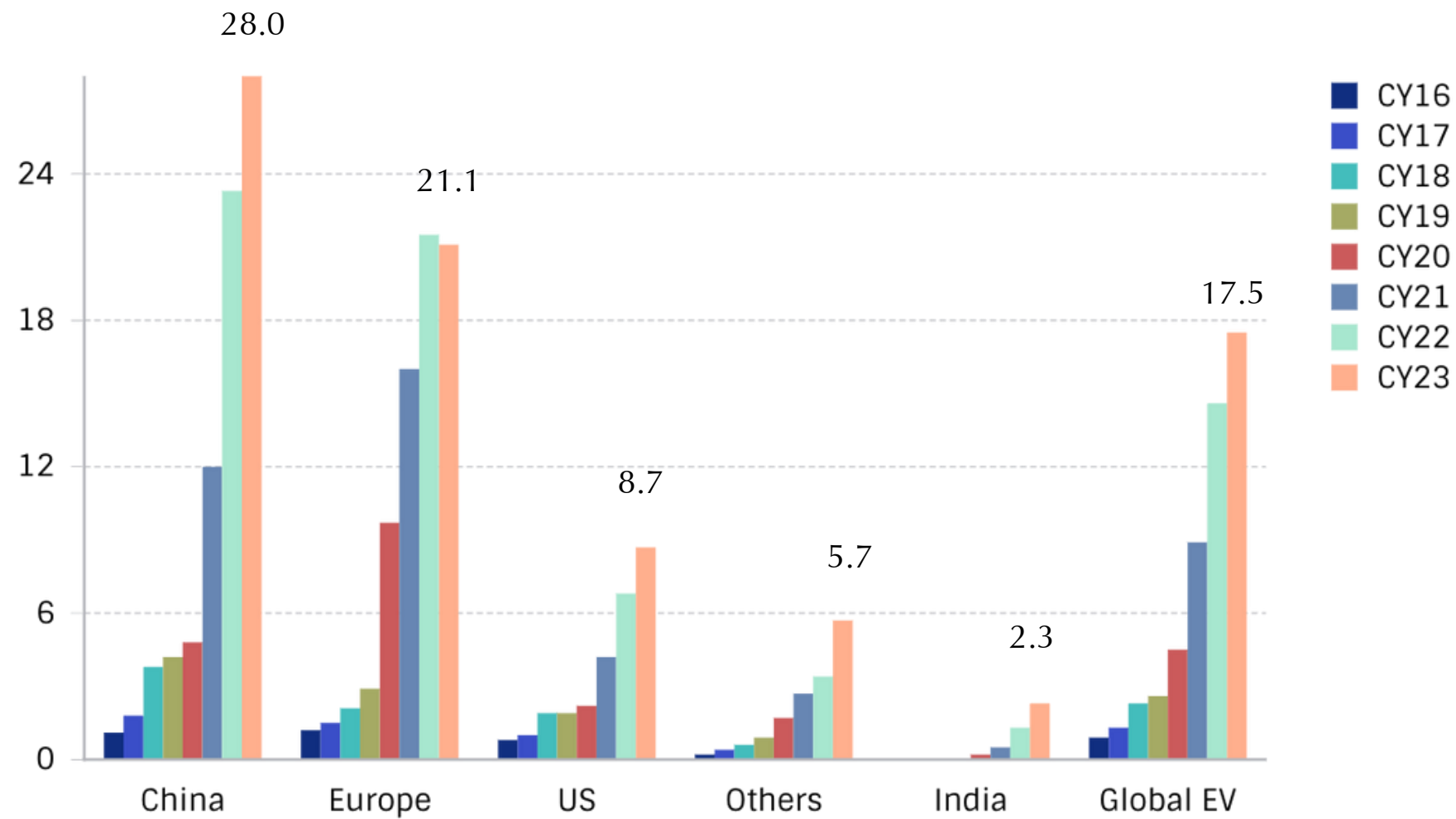
### Opportunities across value chain

Total Pipeline of Investments towards RE Innovation and Manufacturing (INR Bn)

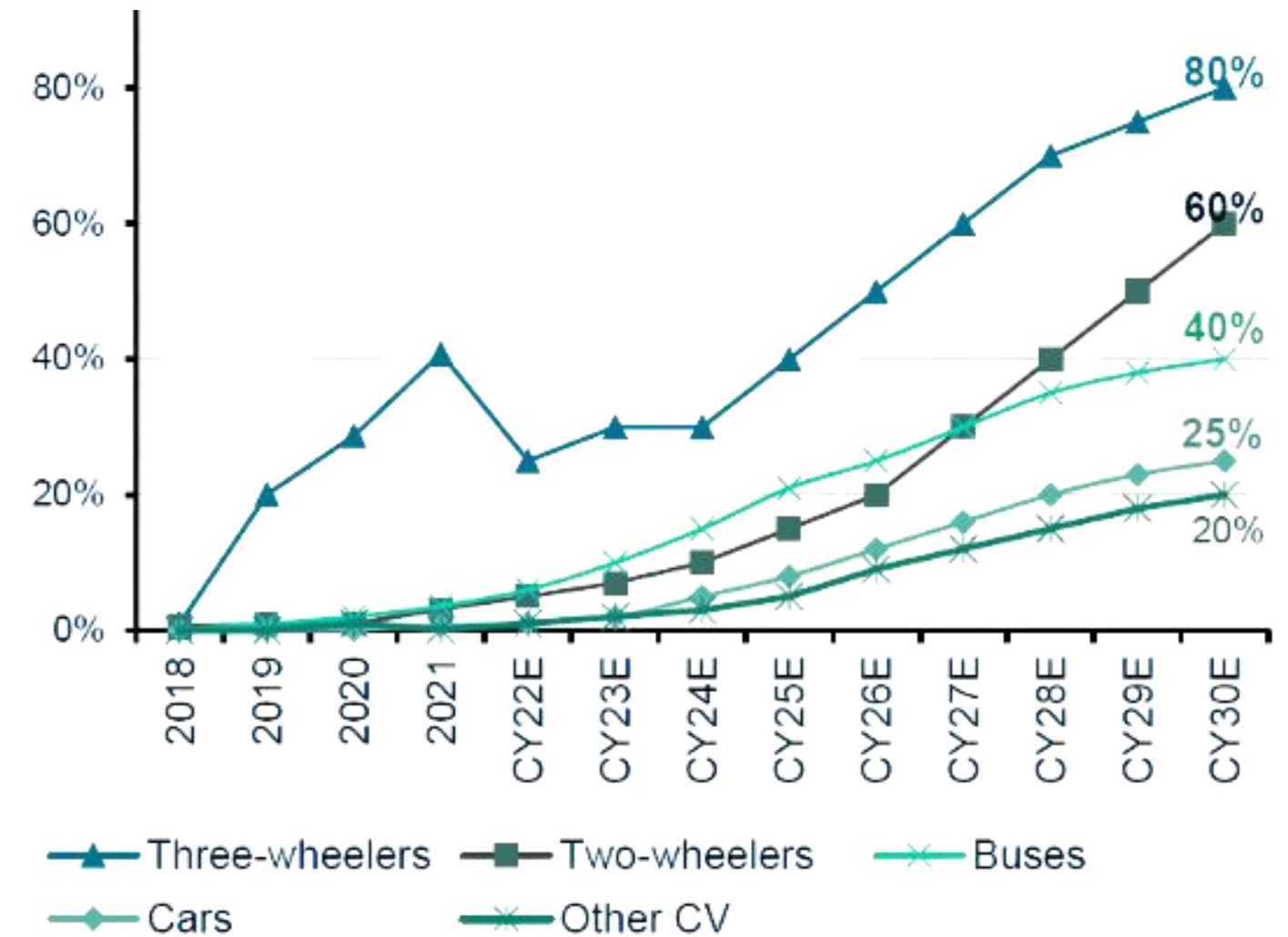


## Electric vehicle adoption is anticipated to increase substantially

**Global 4w EV penetration – (in %)**  
India is 4 years behind US and half of the global average

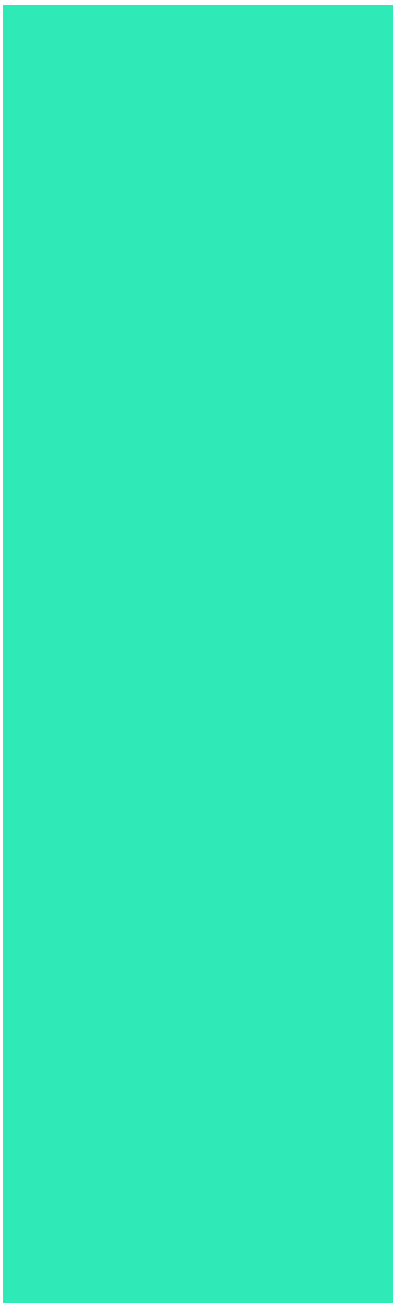


**Share of EV sales**



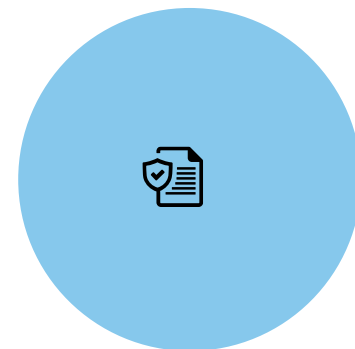
Source: Bloomberg, IEA, Bernstein, Morgan Stanley, Deloitte

# Theme 4 – Technology Transition & Digitalization



## Trade

Retail Ecommerce  
Supply Chain  
B2B Marketplaces



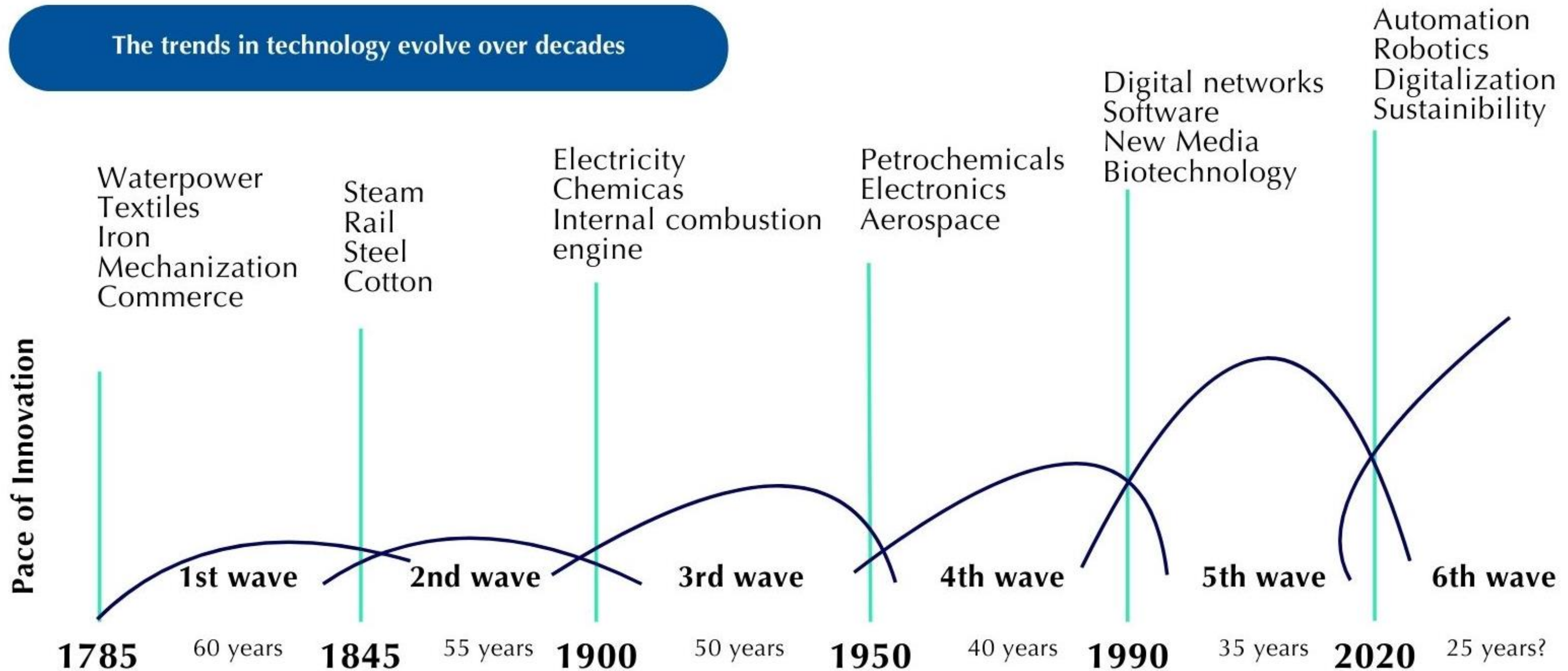
## Media &

## Entertainment

Digital Advertising  
OTT

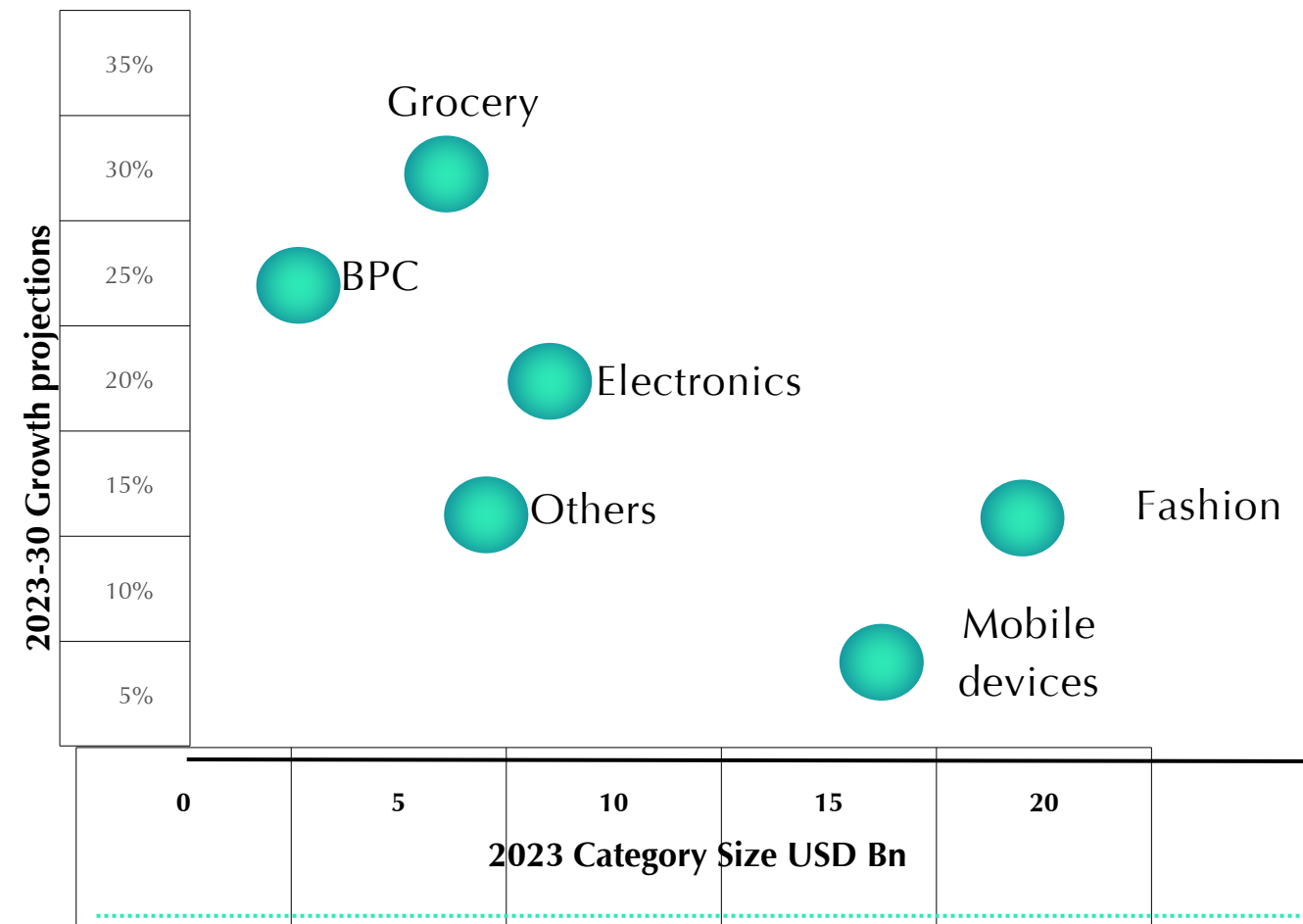
TECHNOLOGY SHIFTS CURRENTLY UNDERWAY

# The trends in technology evolve over decades



# Digitalization

## Seismic shift in Consumer Adoption opening up new opportunities



### Enablers

<p><b>Access</b> Proliferation of affordable smartphones and data plans</p>	<p><b>Convenience</b> Crossing barriers of time and location</p>	<p><b>Choice</b> Wider gamut of brands and offerings</p>
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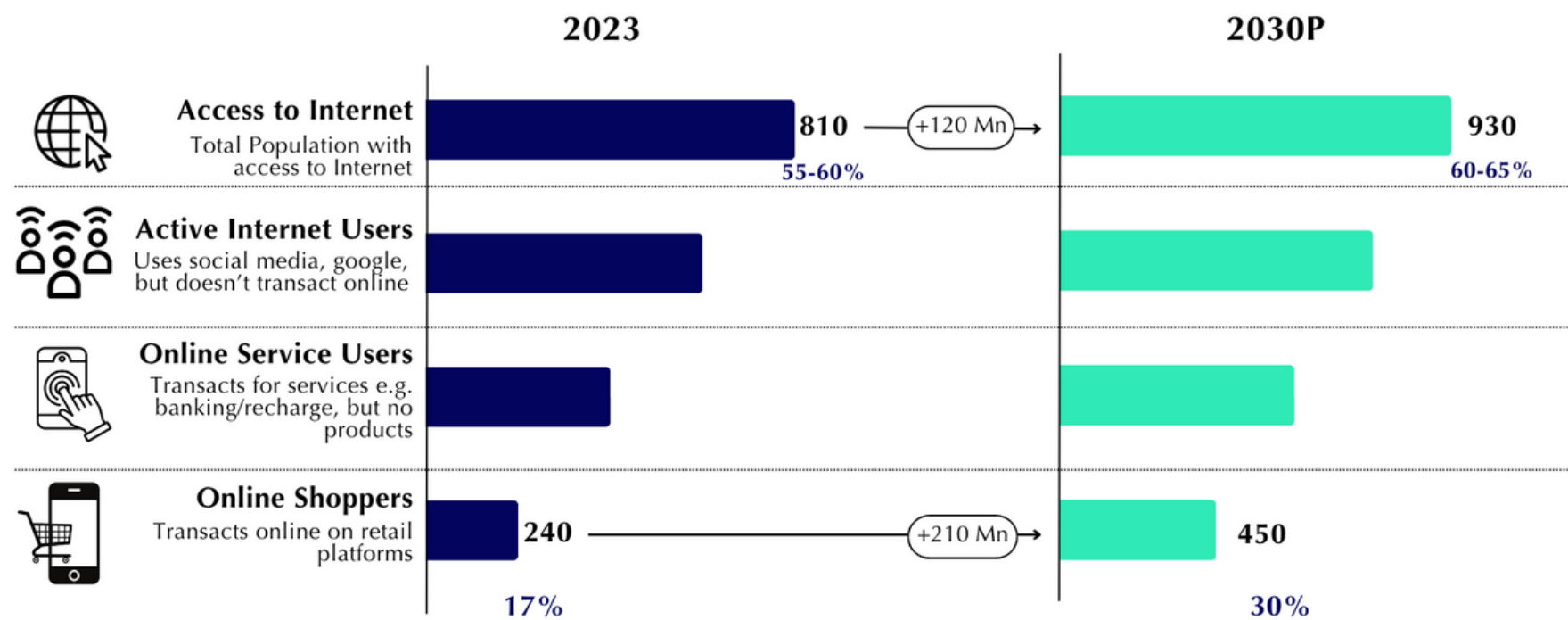
### Opportunities for B2C

<b>Platforms</b>	<b>01</b>	B2B and B2C Platforms and Marketplaces
<b>Companies</b>	<b>02</b>	D2C brands and consumer company with drive to increase wallet share
<b>Online services</b>	<b>03</b>	Travel & tourism Non-lending financial services
<b>Logistics and Supply Chain</b>	<b>04</b>	Fulfilment and express delivery
<b>Digital Advertising</b>	<b>05</b>	Intermediaries

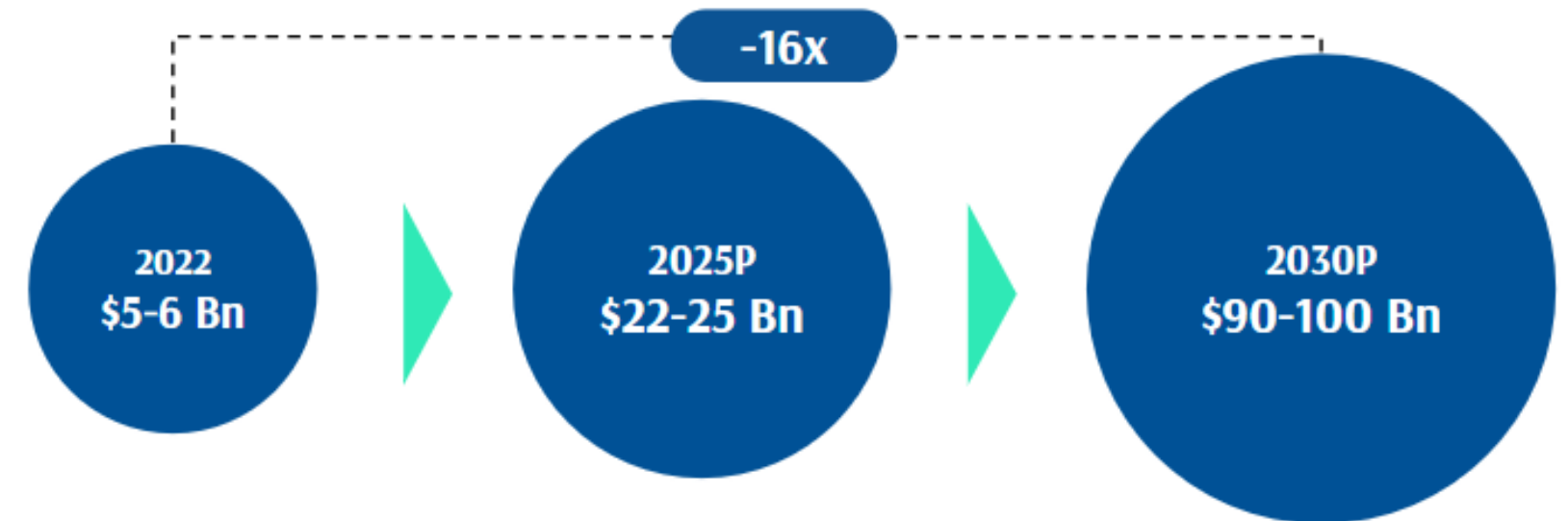
# Speedy digital adoption in India

## But Headroom Available

**Internet Funnel – India**  
In Mn Users, % of total population, 2023, 2030P



**eB2B market to grow**  
~40% CAGR by 2030E





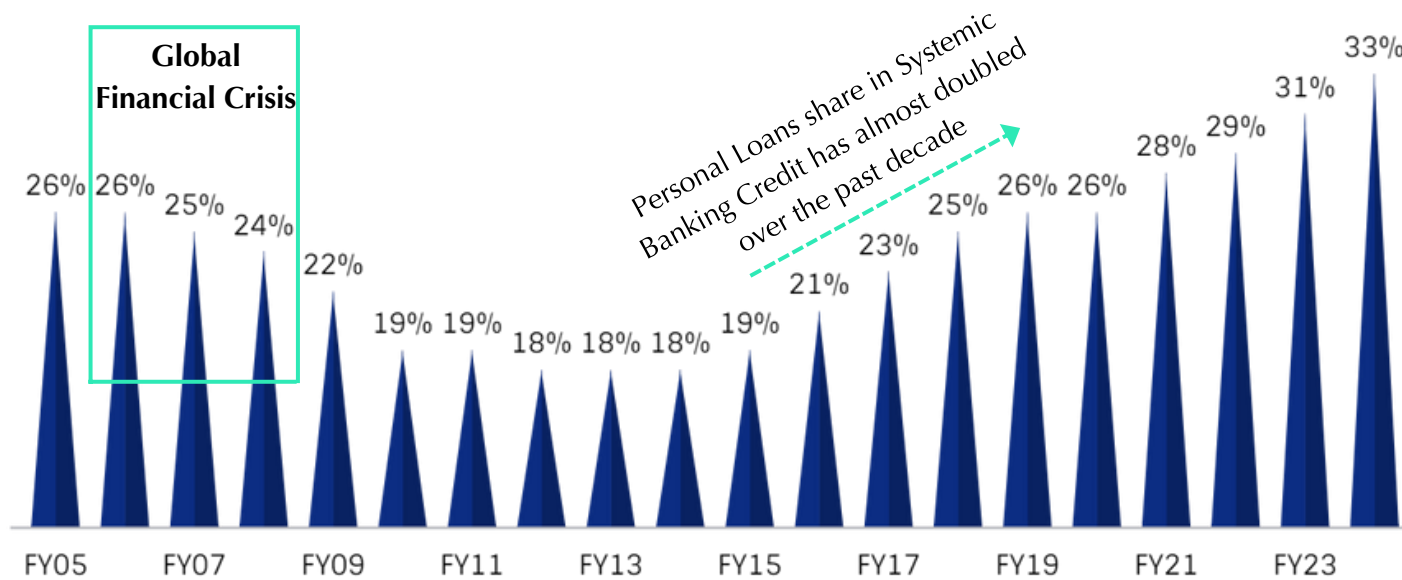
# Past success stories



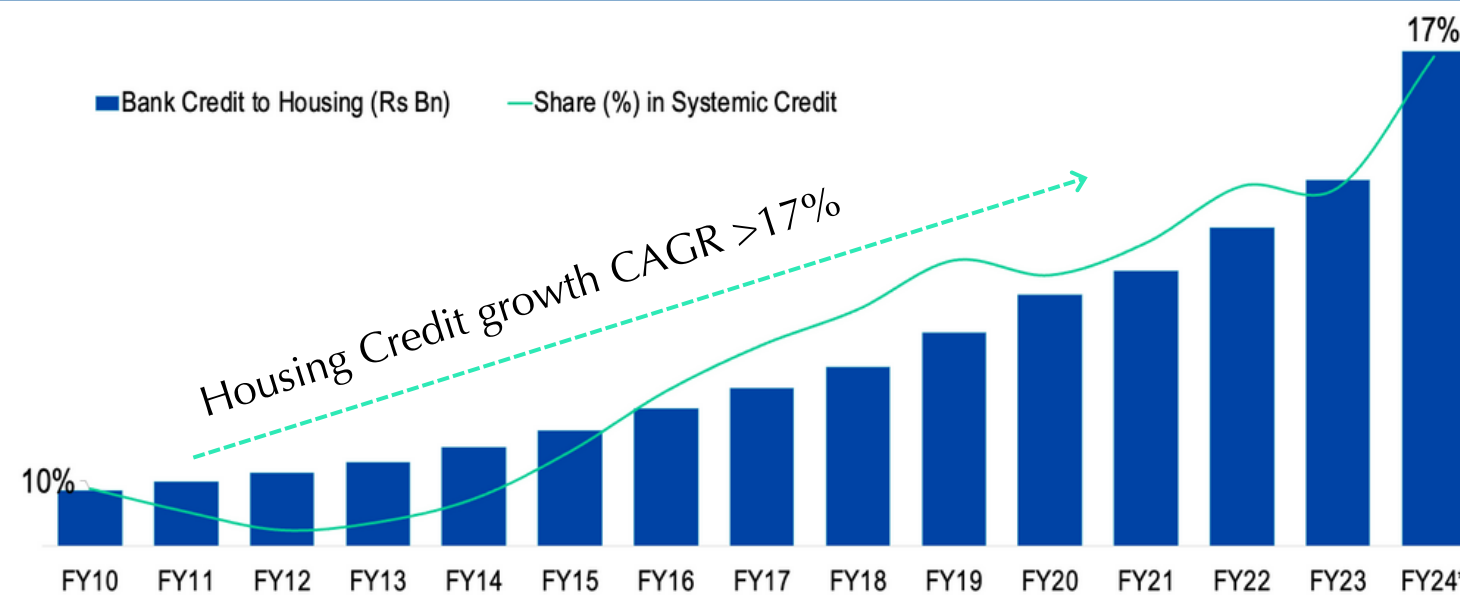
# Past success stories

## Urbanization: Housing & Retail lending

### Personal Segment Loans share in Systemic Bank Credit



### Bank Credit to Housing Sector



### Enablers

Advent of technology and improving last-mile reach of financing

Availability of individual risk score for quick underwriting

Low penetration and aspirational needs of consumers

 **Value creation**

# Past success stories

## Formalization: Paints

### Inflexion point 20 years ago

Shift in consumer demand and global trends led to the growth  
Products more customized and guided by the technology support  
Fiscal incentives by government - Reduction in GST

Stock	Market Cap - 2012 INR Cr	Market Cap - 2024 INR Cr
Asian Paints	31,097	2,73,060
Berger Paints India	3,694	66,806
Kansai Nerolac Paints	4866	21,200

01

The domestic paint industry is approximately INR 3.75 Lakh crore.

02

The decorative paint category constituting almost 75% of the market.

03

Within the Indian decorative paint segment, Asian Paints and Berger Paints are the two largest players

04

The industry's shift towards greener solutions as a response to global environmental concerns and consumer's demand for healthier, safer products.

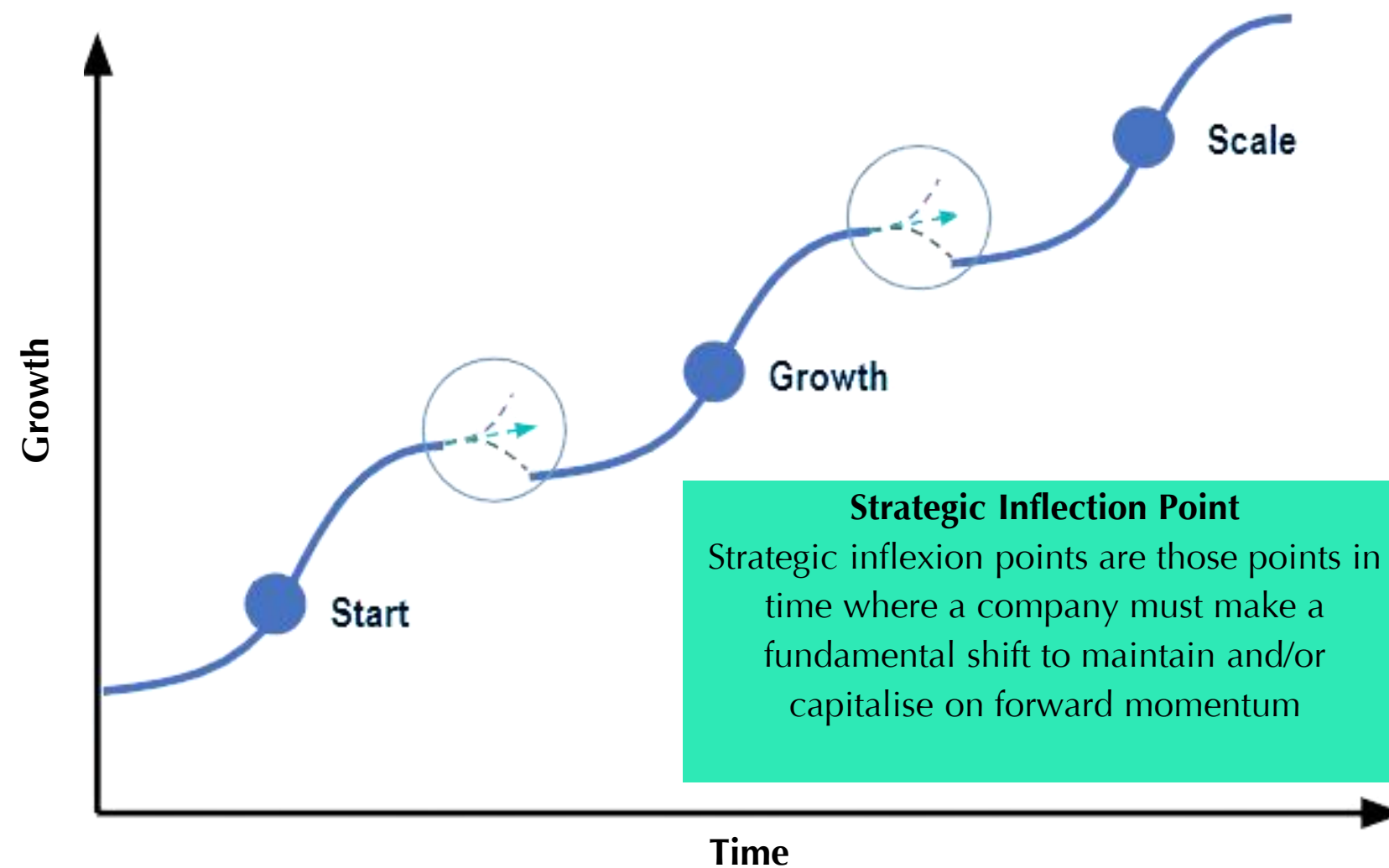
05

Digital tools to revolutionized customer experience, allowing for personalized and precise color selection. Continuous innovation to reduce energy costs by reflecting more sunlight and absorbing less heat.



# **Sundaram Business Cycle Fund Investment Process**

# Sundaram Mutual Fund - Identifying business cycles



**Focus of the fund:  
Dynamic themes**



Focused allocation to Emerging Trends



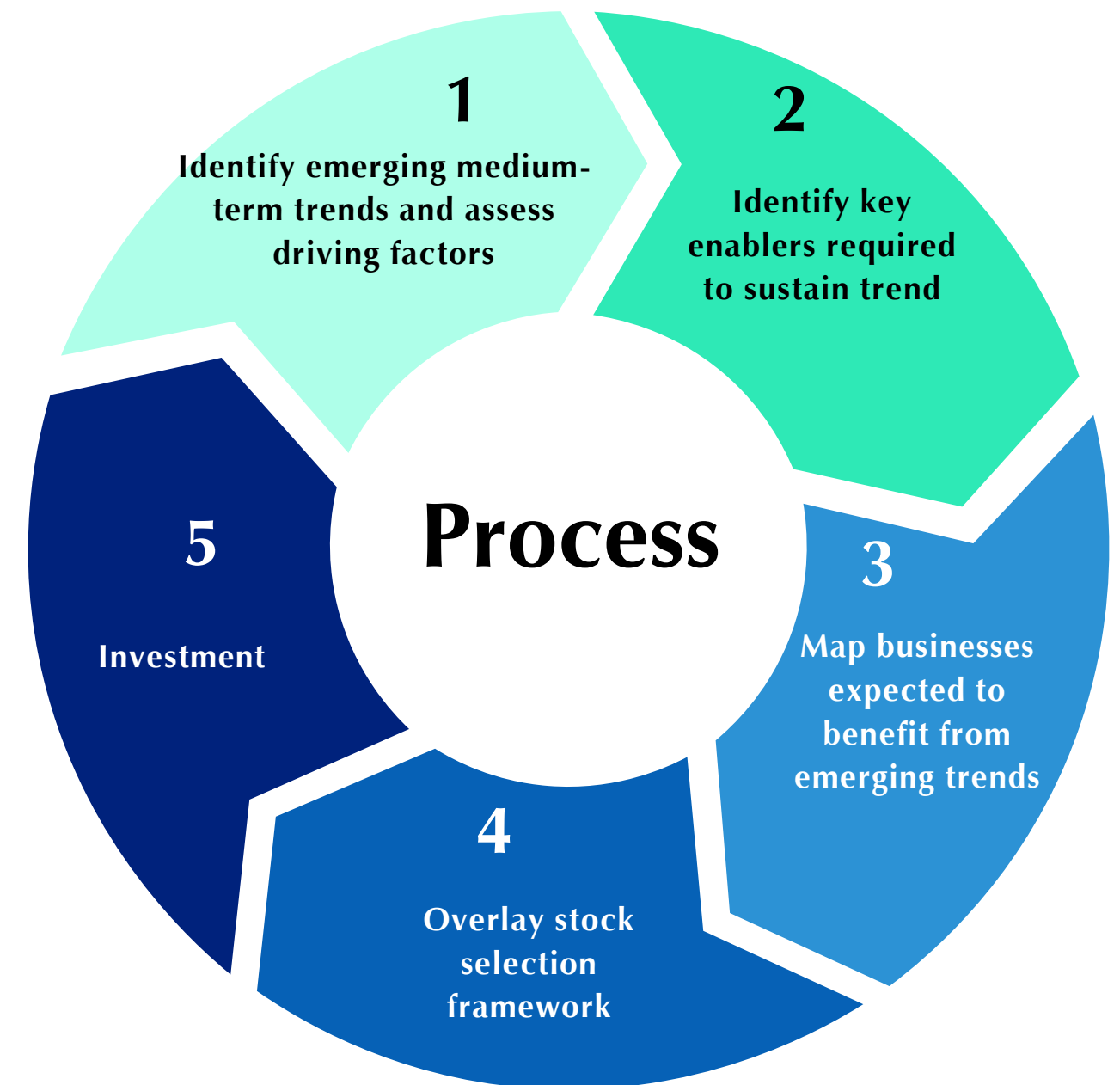
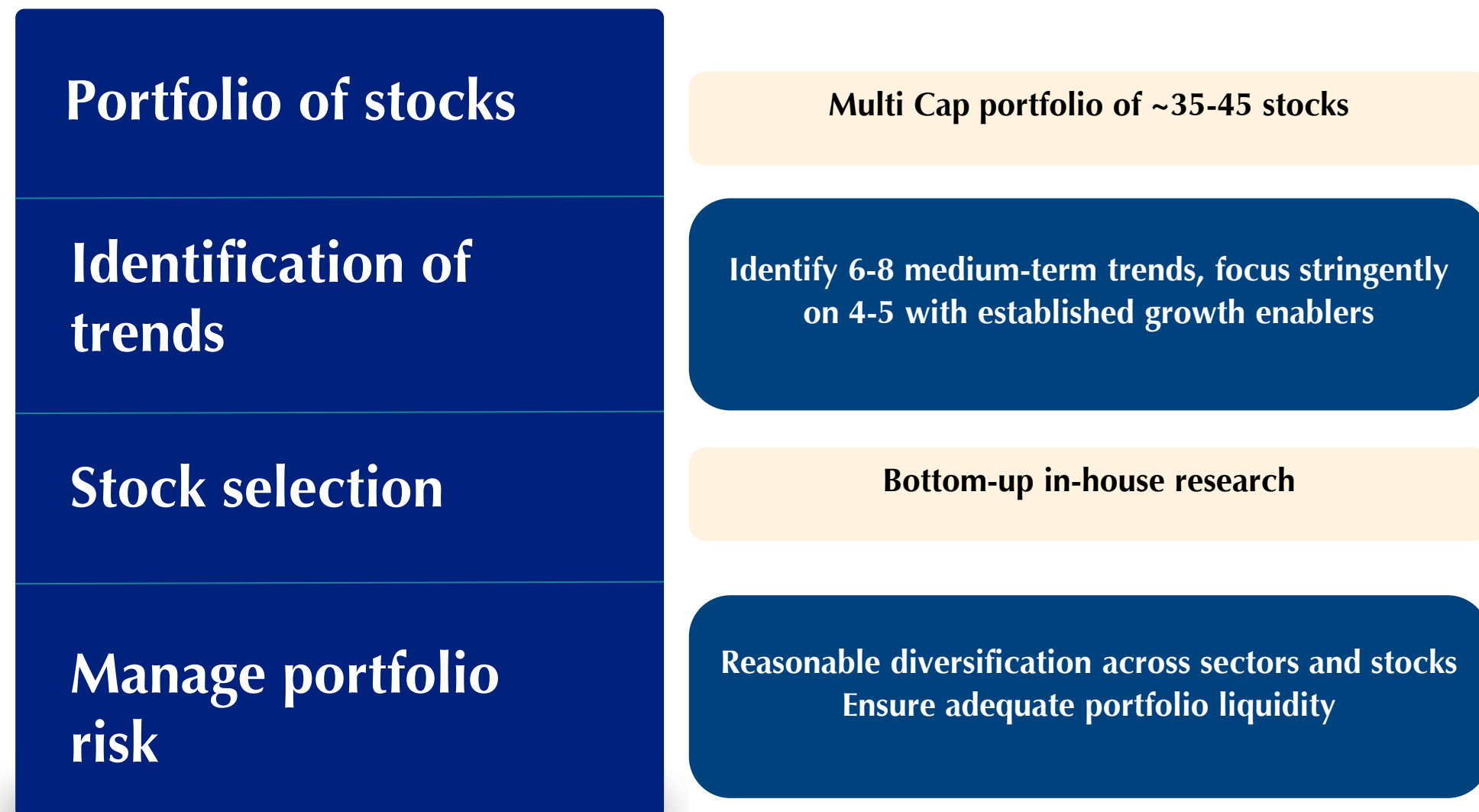
Adaptive to Changing Environment



Benefits of capturing multiple medium-term trends at inflexion points like favorable policies, demographics & realignment of global supply chain

# How will the fund be managed

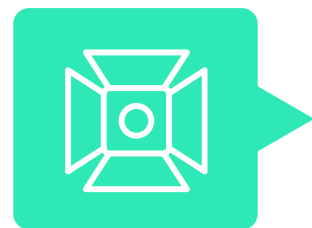
## Dynamic thematic approach cutting across sectors



# Investor advantage & key takeaways



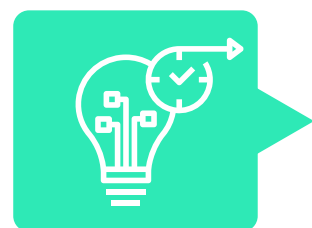
## Investor advantage



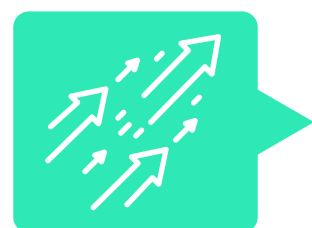
Focused exposure



Unconstrained by sector definitions



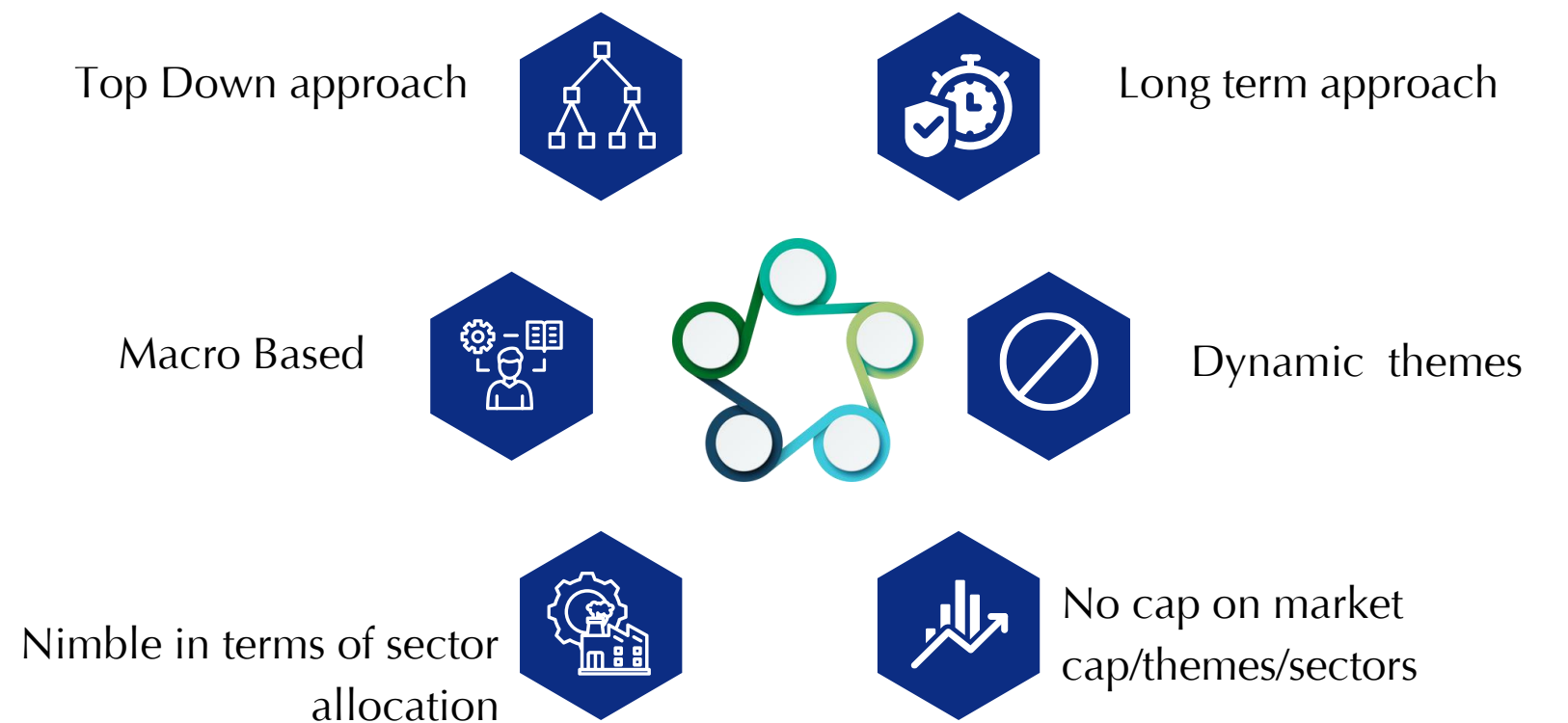
Alignment with transformational trends shaping the future



Dynamic evaluation of trends: alleviates allocation risk



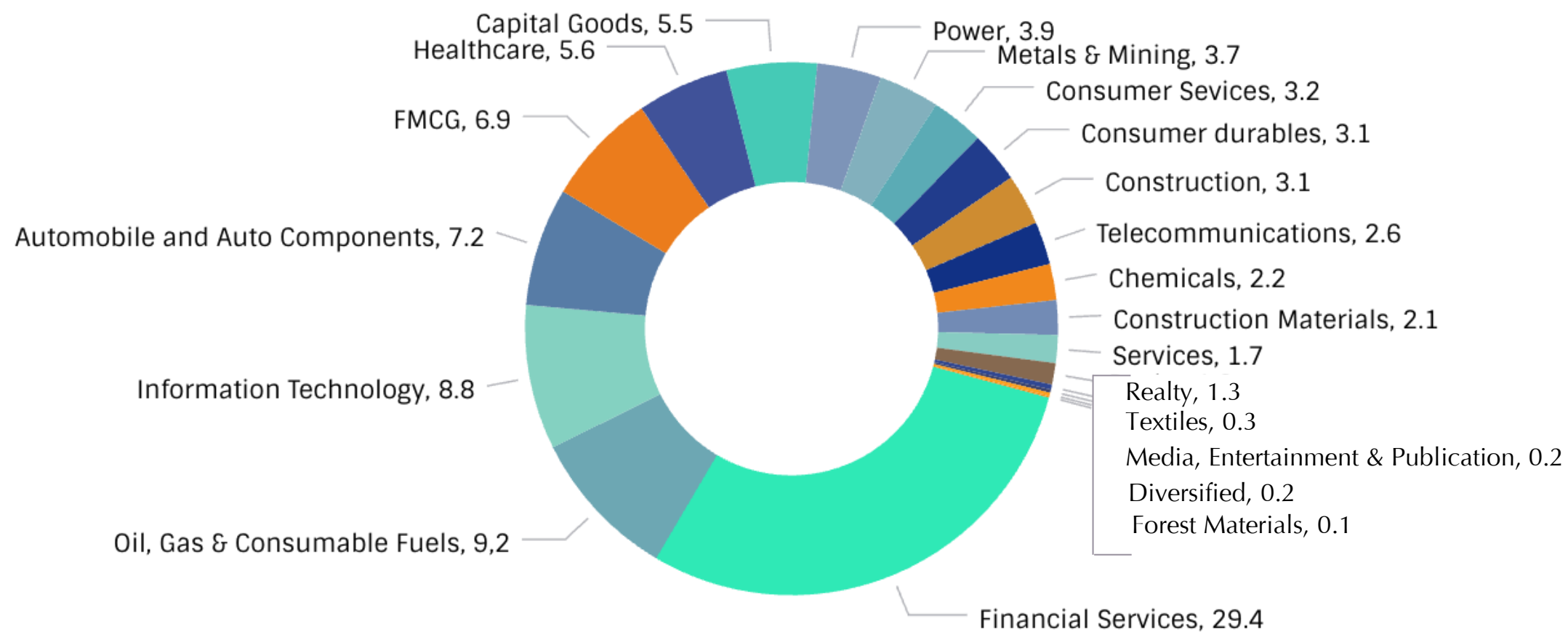
## Key takeaways



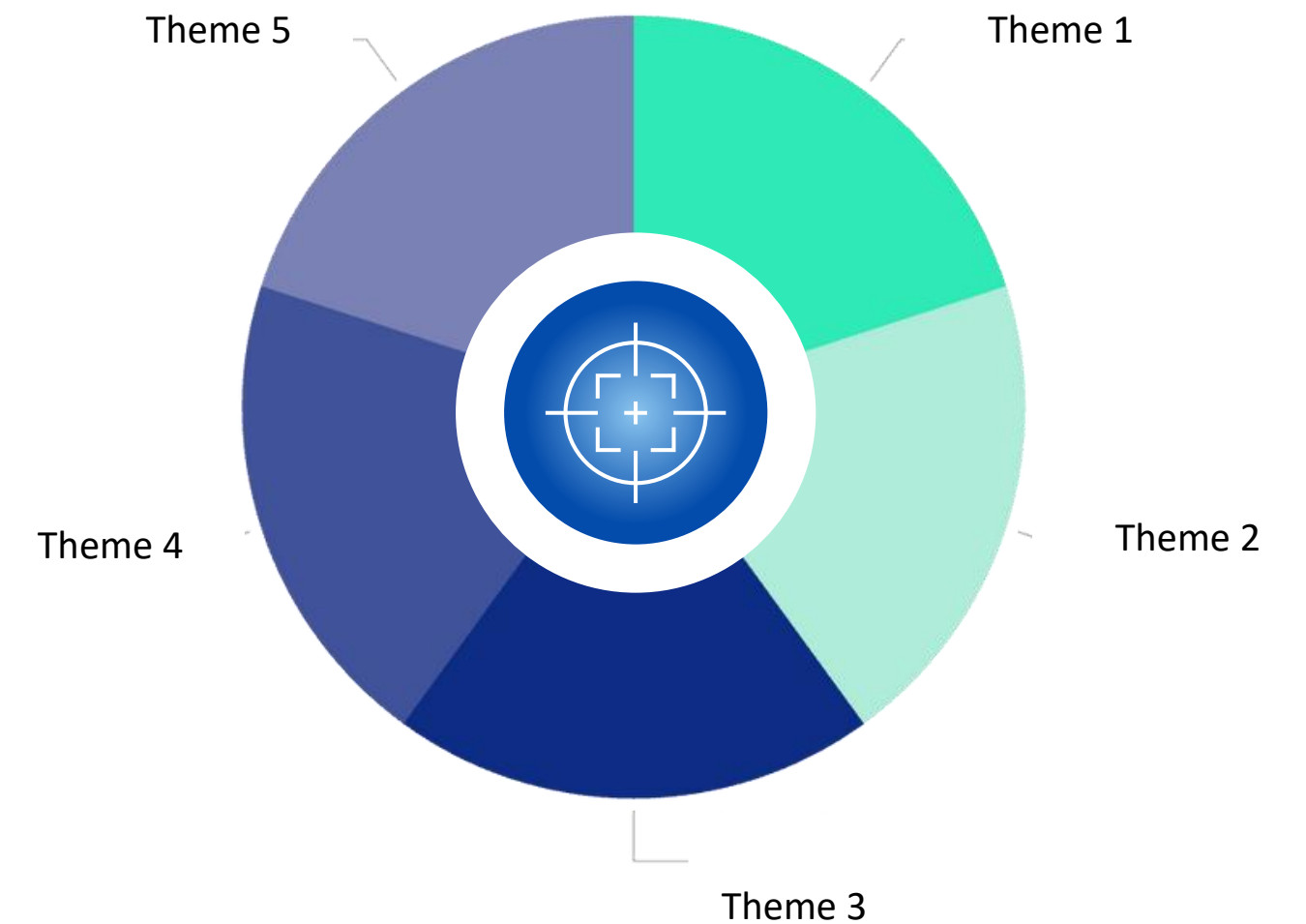
# Benefits of Business Cycle Fund

## Focused Sector Approach

Diversified Allocation – Nifty 500 Index



Focused Allocation (Illustration)



Source: Bloomberg. Computation Inhouse.

The portfolio of the fund is subject to changes within the provisions of the Scheme Information Document of the Scheme. Nifty 500 Index data is as on April 2024.

# Fund facts

Fund	Sundaram Business Cycle Fund
Scheme Type	An open-ended equity scheme following business cycle based investing theme
Investment Objective	To provide long term capital appreciation by investing predominantly in equity and equity related securities with a focus on identifying medium term cycles which can impact the business fundamentals. This will be done through dynamic allocation between various themes and stocks at different stages of cycles in the economy.
Benchmark	Nifty 500 TRI
Fund Managers	Mr. Ratish B Varier & Mr. Bharath S (Equity)Mr. Dwijendra Srivastava & Mr. Sandeep Agarwal. (Fixed Income) Mr. Pathanjali Srinivasan is Dedicated Fund Manager for Overseas Investments
Plans & Options	Regular & Direct Plan; Growth, Income Distribution cum Capital Withdrawal (Payout, Re-investment and Transfer)
Minimum Application amount	Lumpsum: First Investment: Rs.100/- and multiples of Re.1/- thereafter SIP Dates: Any Day (1st to 31st) for Monthly and Quarterly Frequency; For Weekly Frequency - Every Wednesday. SIP Top-up facility: Half yearly/Annual Minimum Rs.500 and in multiples of Re.1/-
Exit Load	For redemption or withdrawal by way of SWP within 365 days from the date of allotment: 1%For redemption or withdrawal by way of SWP after 365 days from the date of allotment: Nil. Exit load will be waived on Intra-scheme and Inter scheme Switch-outs/STP



# Disclaimer

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**Statutory:** Mutual Fund: Sundaram Mutual Fund is a trust under Indian Trusts Act, 1882. Liability for sponsors is limited to Rs 1 lakh. Sponsors: Sundaram Finance Ltd. Investment Manager: Sundaram Asset Management Company Ltd. Trustee: Sundaram Trustee Company Ltd.

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