

SUNDARAM BUSINESS CYCLE FUND

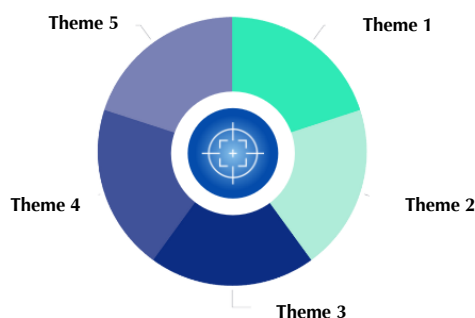
An Open ended equity scheme

WHAT IS SUNDARAM BUSINESS CYCLE FUND?

Dynamic Thematic Fund Investing In Long Term Emerging Mega Themes

- Themes create business cycles
- Lower correlation with sectoral cycles
- Unique concentrated exposure
- Themes can outperform broader markets
- Themes cut across sectors

Focused Allocation (Illustration)



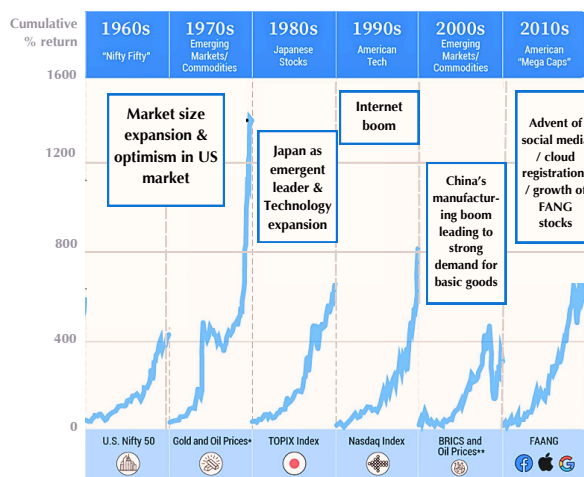
The portfolio of the fund is subject to changes within the provisions of the Scheme Information Document of the Scheme.

Macro Factors create Long term cycles / Themes

- Self Reliance: Make in India
- Technology
- Demographics - Urbanization, Formalization, Premiumization drive medium to long term business cycles
- Climate change & environment

Factors	Business that face the favourable cycle
Self-reliance	→ Manufacturing, Indigenization, Infrastructure, Healthcare
Technology	→ E-commerce, Fintech, Food-tech, Edu-tech, Blockchain, 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

Potential for outside profits



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



CURRENT THEMES

	Make in / for India – Manufacturing
	Urbanisation /Premiumization & Formalization
	Technology Transition & Digitalization
	Sustainability

Import substitution move, Private-supporting macros and CAPEX uptrend

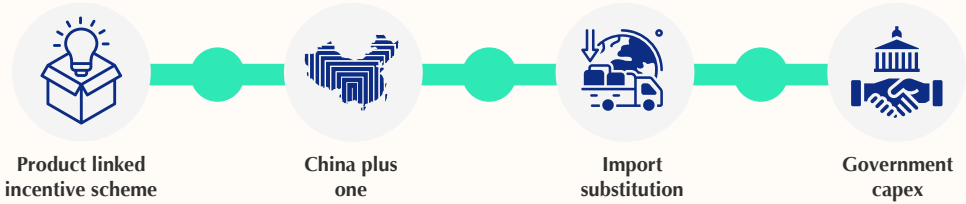
Urban Living & Business Space, Food & Entertainment Needs and Moving up Quality Curve

Rapid sector adoption, Creating disruptive opportunities and New digital availability

New tech emerges, Multifold industry opportunities and Zero net commitment

Theme 1: Manufacturing

Global shipment of iPhones upto 10% from <1% in 6 years



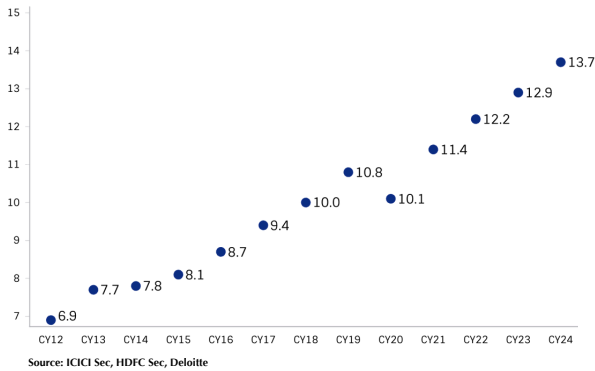
Theme 2: Urbanization / Premiumization / Formalization

Urbanization and Formalization



Rise of Tier 2 and Tier 3 cities
Growing appetite for aspirational brands and quality infrastructure driven by rising disposable income

Growing share of organised retail(%)

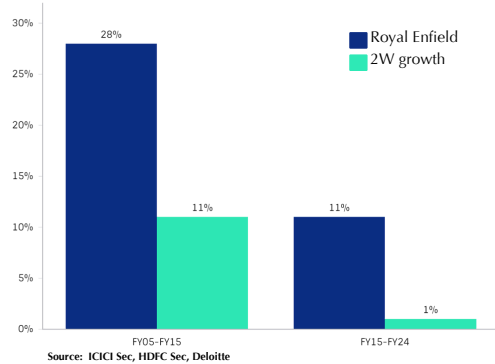


Premiumization



Move from 100cc 2-wheelers 20 years ago, to 250cc and above

250cc growth (RE) stands out



Formalization

Move from unorganized to organized

EXAMPLE

Retail Jewellery. Over the recent 3-4 years advent of several players to the organized listed market driven by marginalization of small unorganized players due to – tighter compliance, limited variety and design, unreliability etc., Hence where there was only Titan, we now have Kalyan, Senco etc.,. Formalisation leads to increase in profits for the larger organised players and offers attractive opportunities for investors. It also benefits other sectors that have linkage like financing against gold which grows as the reliability of gold is assured when purchased from original organised corporate sectors

Theme 3: Sustainability

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.



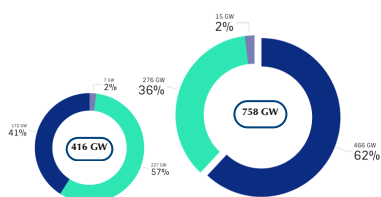
Energy

Policy support to drive to support

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

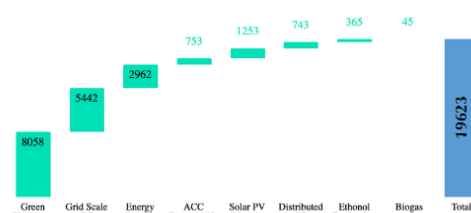
Hydrogen mission for 5Mn TPA green hydrogen capacity and the addition of 125 Gigawatts of renewable energy capacity by 2030

Rising mix of renewables



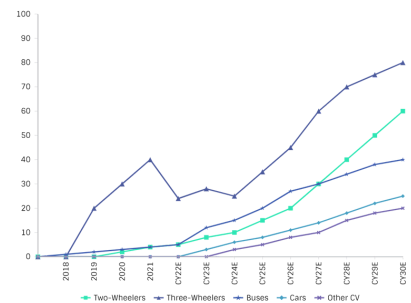
Source: SAMC, Bernstein, JSW Energy

Opportunities across value chain



Source: SAMC, Bernstein, JSW Energy

Share of EV sales



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

Theme 4: Technology Transition and Digitalization



Trade

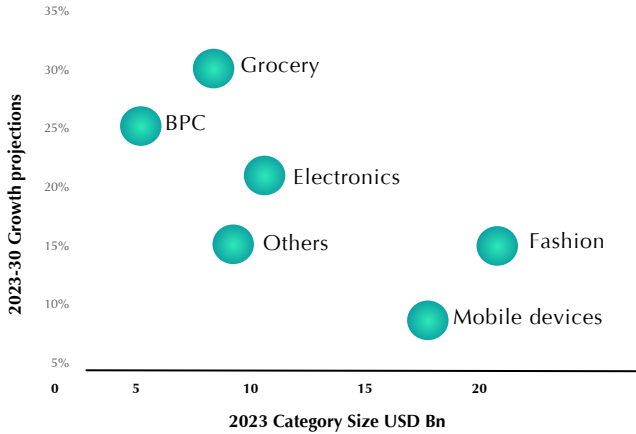
Retail Ecommerce
Supply Chain
B2B Marketplaces



Media & Entertainment

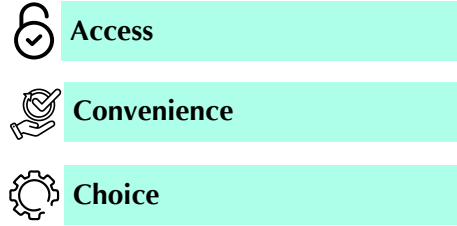
Digital Advertising
OTT

Seismic shift in Consumer Adoption opening up new opportunities



Source: RedSeer Consulting

Enablers



Fund Investment Process

Portfolio of stocks

Identification of trends

Stock selection

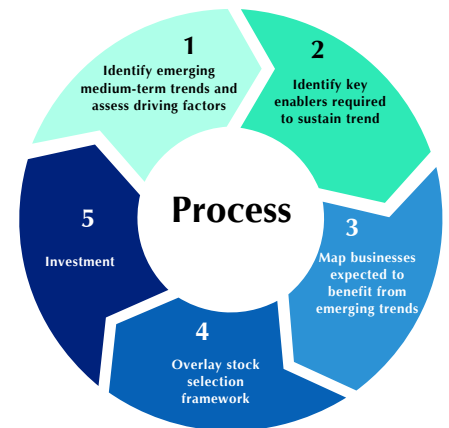
Manage portfolio risk

Multi Cap portfolio of ~35-45 stocks

Identify 6-8 medium-term trends, focus stringently on 4-5 with established growth enablers

Bottom-up in-house research

Reasonable diversification across sectors and stocks
Ensure adequate portfolio liquidity



Investor advantage

- Focused exposure
- Unconstrained by sector definitions
- Alignment with transformational trends shaping the future
- Dynamic evaluation of trends: alleviates allocation risk

Key takeaways

- Top Down approach
- Macro Based
- Nimble in terms of sector allocation
- Long term approach
- Dynamic themes
- No cap on market cap/themes/sectors

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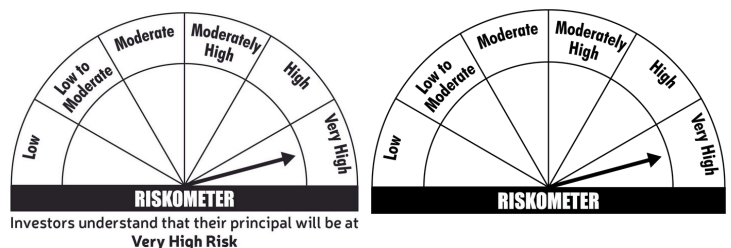
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This product is suitable for investors who are seeking*

- Capital appreciation over long term
- An equity scheme investing in equity & equity related securities with 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.



Sundaram Business Cycle Fund

Benchmark: Nifty 500 TRI

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