

**#ellofuture**

# Union Innovation & Opportunities Fund

(An open-ended equity scheme following  
innovation theme)



## August 2023

NFO Opens on 16th August 2023

NFO Closes on 30th August 2023

Allotment Date: 6th September 2023

Scheme Re-opens on 13th September 2023

# Union AMC's philosophy for Innovation & Opportunity

## Innovation:

Companies that **innovated** business processes and upended existing models to **disrupt** industries and gain market share from incumbents.

## Opportunity:

Companies that are likely to be part of a **flourishing industry** on account of disruption or fast-changing dynamics.



# Innovative themes

Companies that innovated business processes and upended existing models to disrupt industries and gain market share from incumbents

The sectors mentioned in the subsequent slides are for illustrative purposes only. Union Mutual Fund may or may not have any future position in the sectors and it does not classify as any recommendation





## Evolution of Automobiles

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Automobiles are expected to see multiple changes in terms of architecture, features, and fuel dependence.

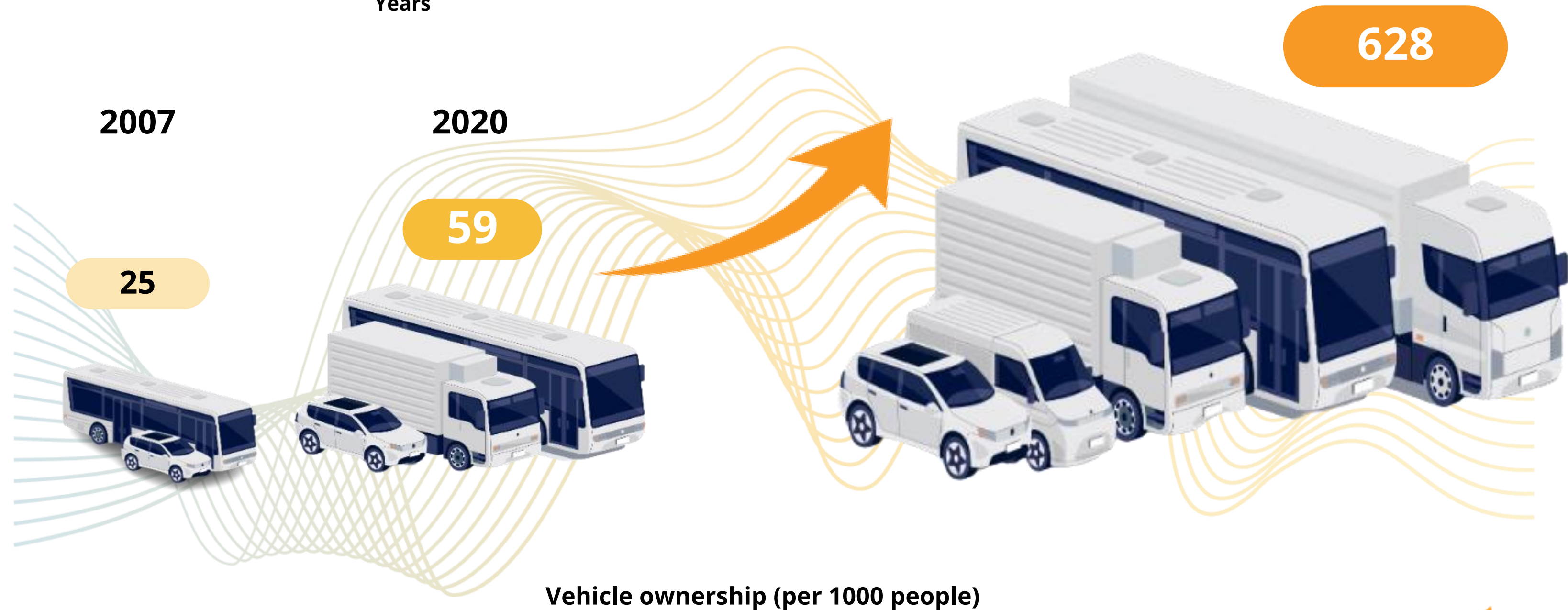
This may drive supernormal growth across many ancillary products & industries over the coming years.



# Future scope : Vehicle Ownership In India vs the top 10 nations

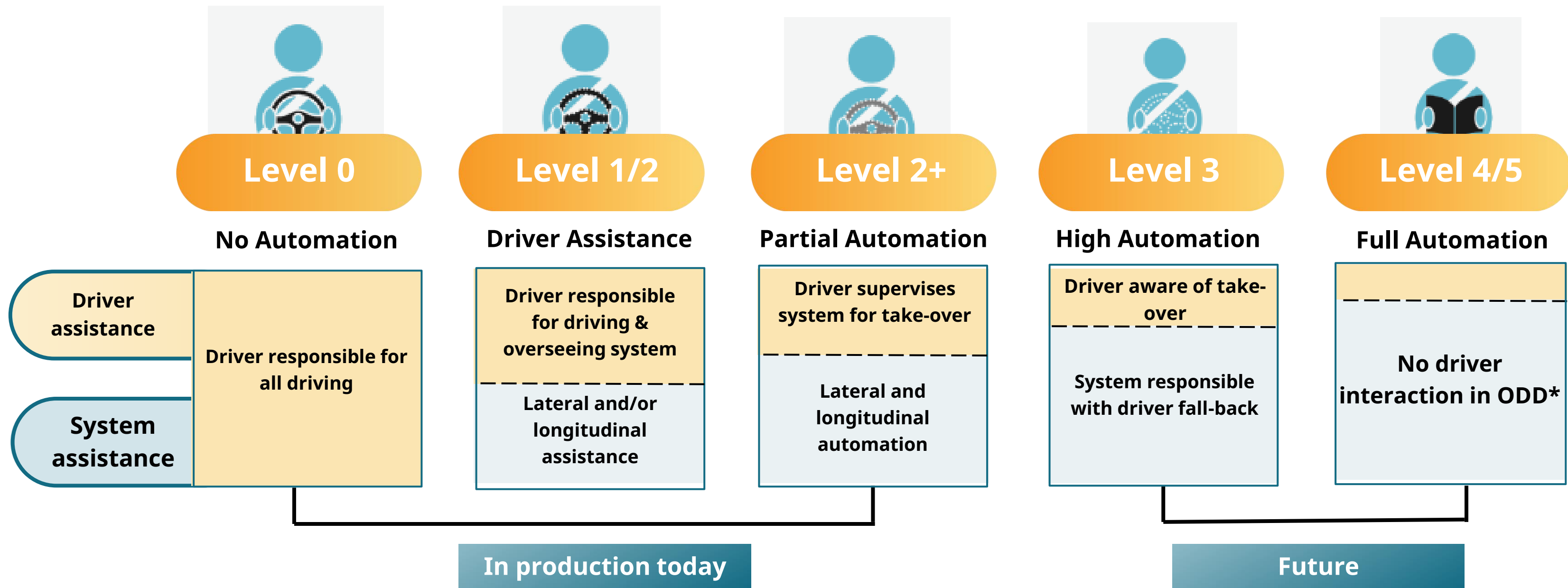
Vehicle Ownership In India Over The Years

Avg. Vehicle Ownership in the top 10 nations



# Journey of automobile evolution

## Levels of automation



Source: Aptiv Investor Presentation Feb 2023; \*Operational Design Domain (ODD)

# Growth drivers of the auto industry



## Income-Environment Shift

Rising income levels and environmental awareness inducing leap-frog change into these factors



## Rising share of Battery-operated vehicles

The increasing adoption of battery-operated vehicles is reshaping the automotive industry



## Increasing demand for enhanced Automotive Features

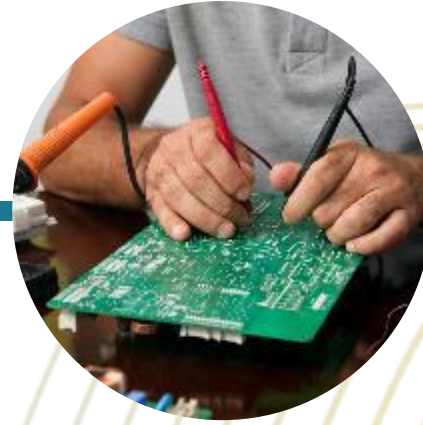
Demand for premium offerings: Infotainment systems, ADAS\*, increased use of electricals, increased safety features, etc.

# Beneficiaries of growth in auto industry



1

Software vendors



2

Electronic Component Manufacturers



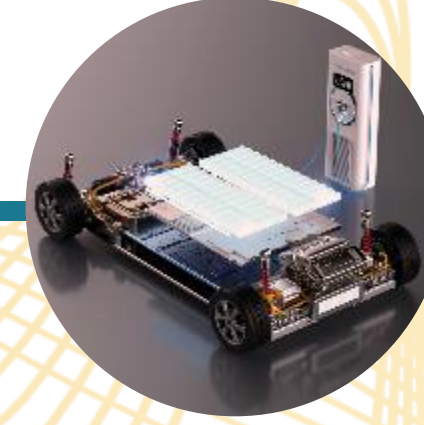
3

Wiring harness players



4

Battery chemicals players



5

EV-focused OEMs  
(Original Equipment Manufacturers)



6

Charging infrastructure players



## Internet as an Enabler

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Faster adoption of smartphones, cheap data prices etc. have helped businesses to add another channel to reach consumers in a more efficient manner.

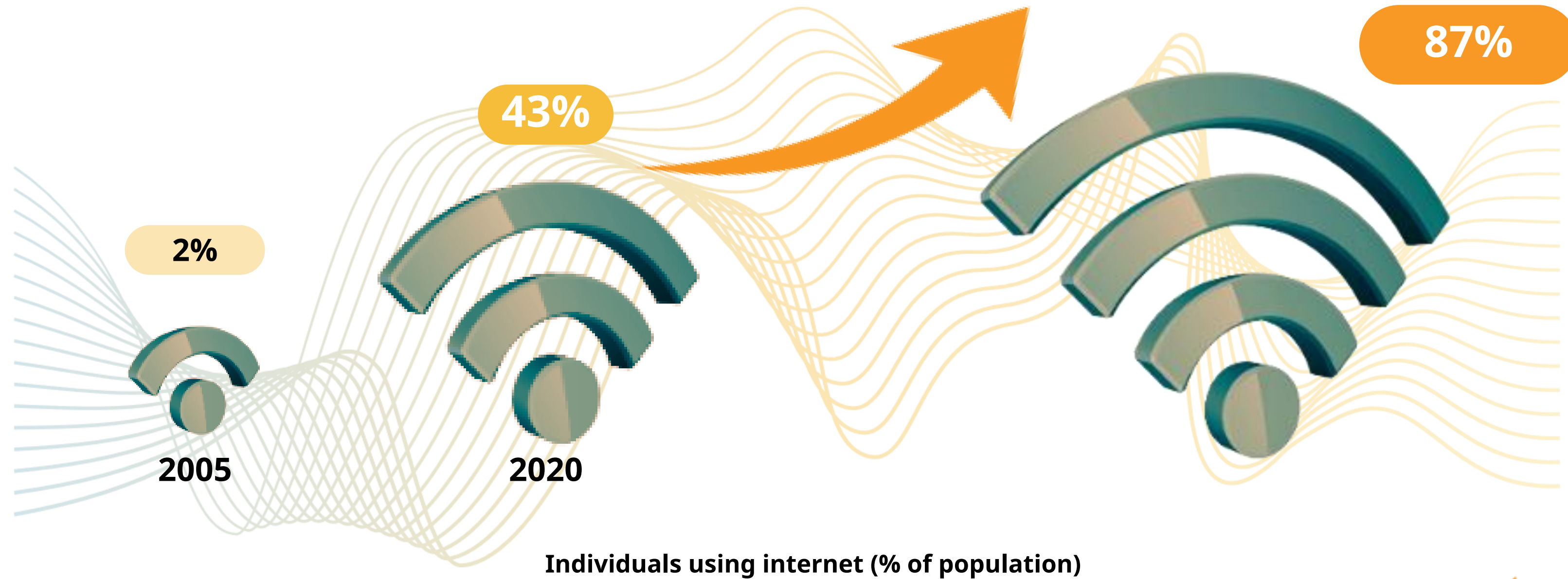
Indians are amongst the largest consumers of Internet in terms of time spent as well as in terms of data consumed.



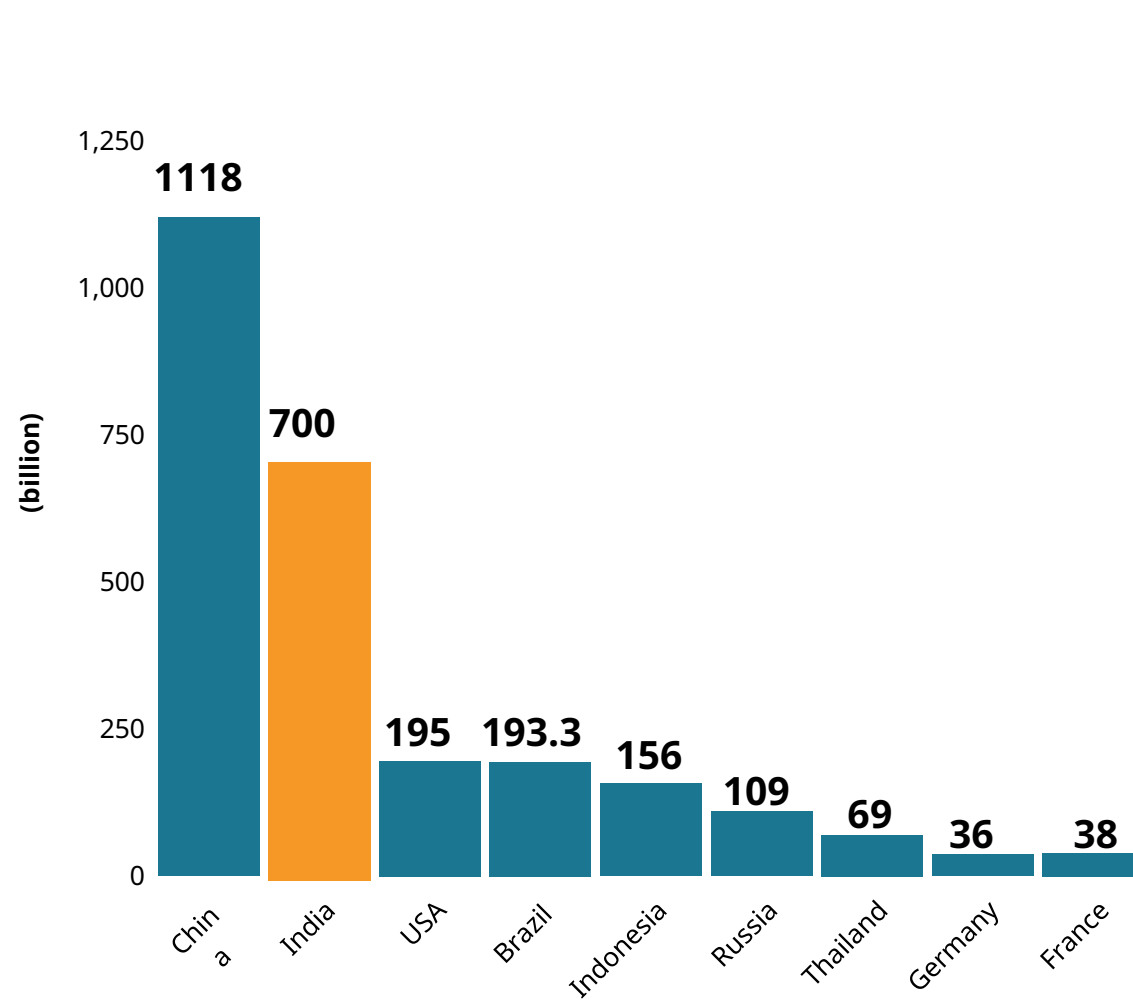
# Internet usage in India vs the top 10 nations

Internet usage In India Over The Years

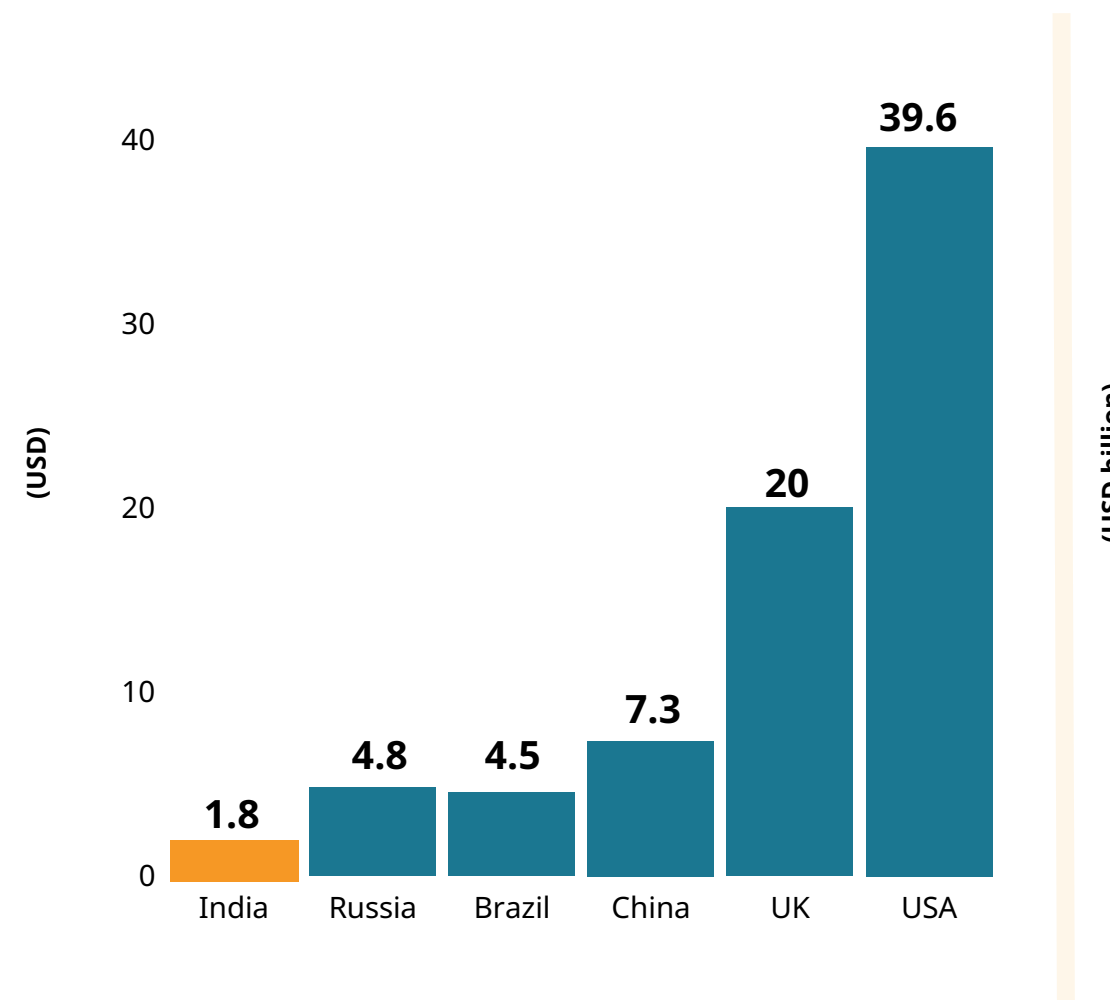
Avg. Internet usage in the top 10 nations



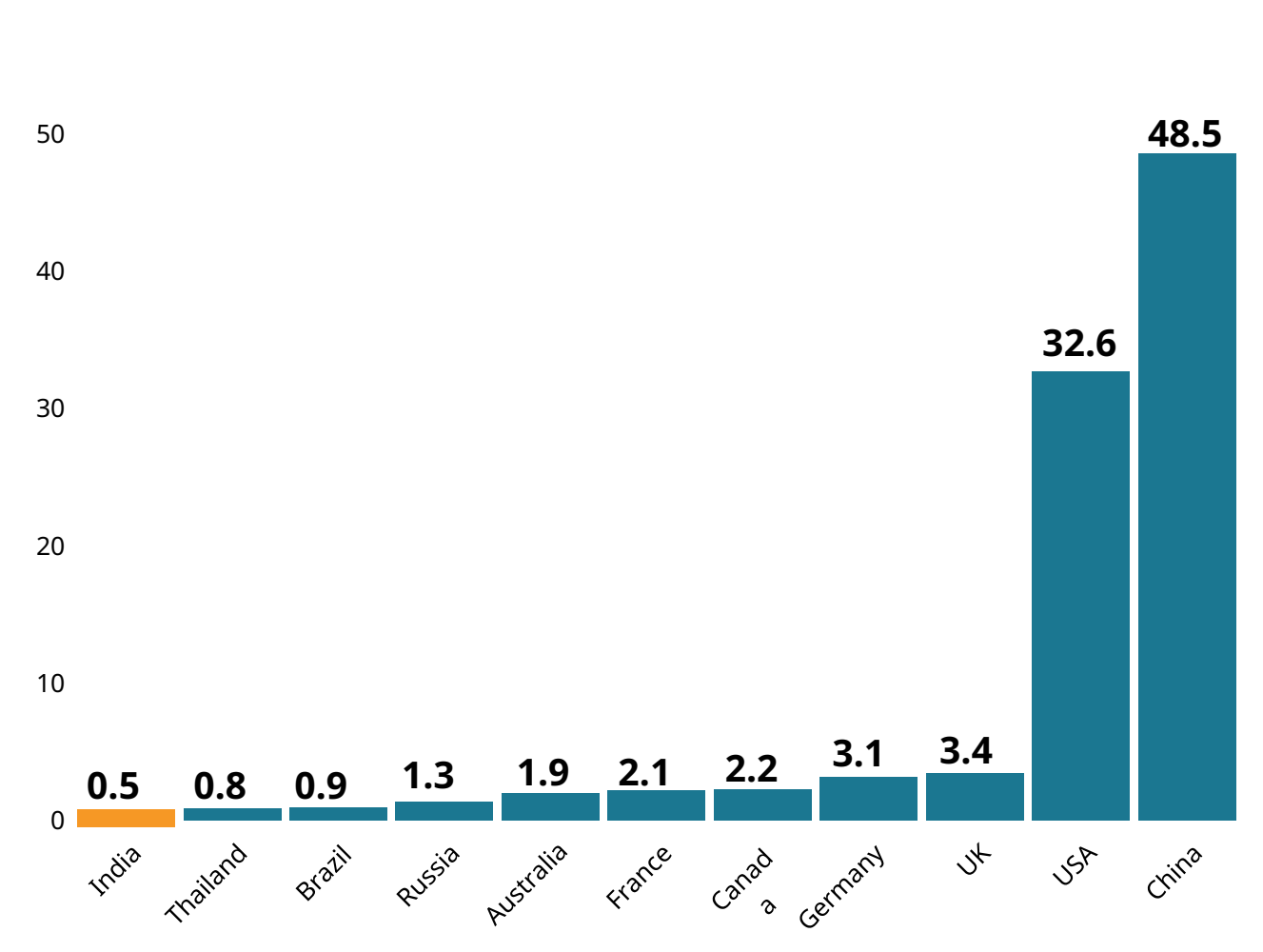
# Internet Usage and Online Expenditure India vs Others



**Hours spent on the Internet**  
(billion)

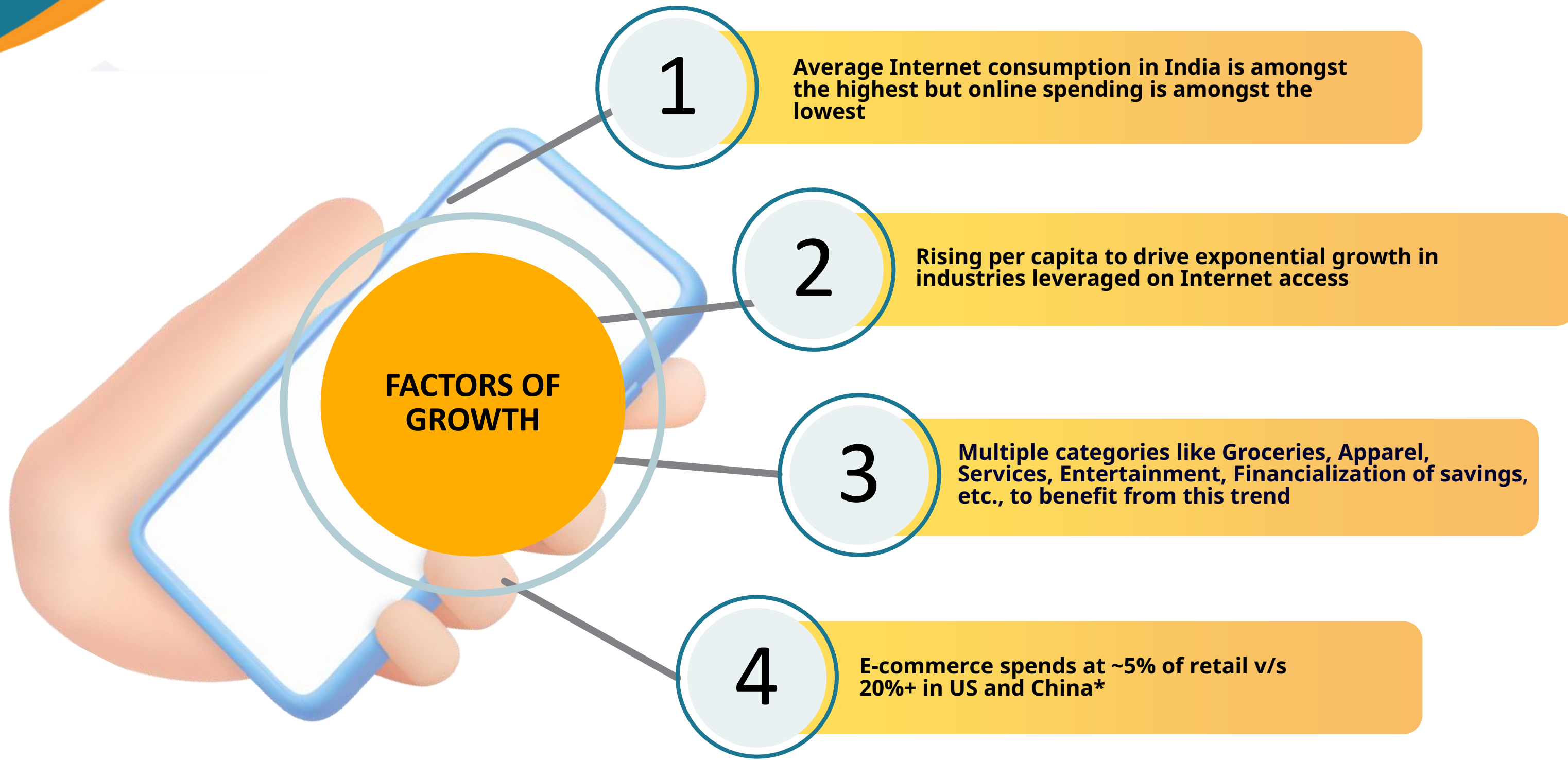


**Blended mobile ARPU\***  
(USD)

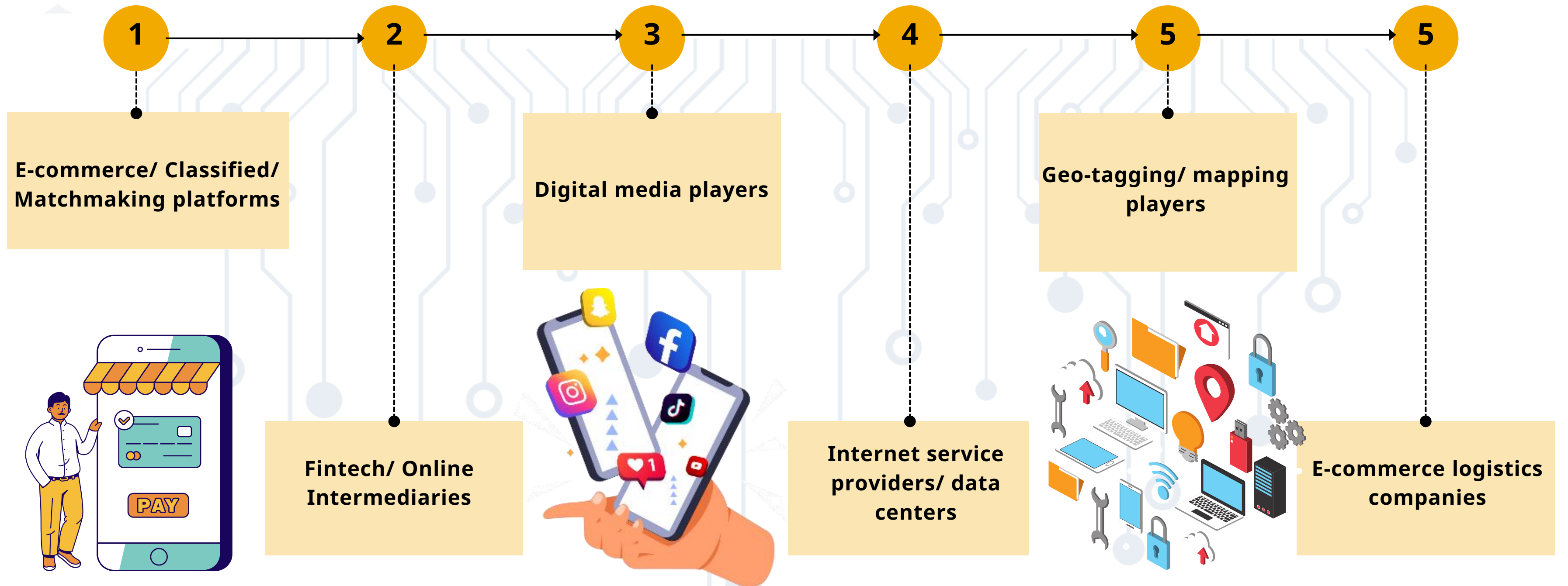


**Consumer Spends on the Apps**  
(USD billion)

# Growth drivers of the internet as an enabler



# Beneficiaries of rising Internet Usage



# Opportunity themes

Companies that are likely to be part of a flourishing industry on account of disruption or fast-changing dynamics.



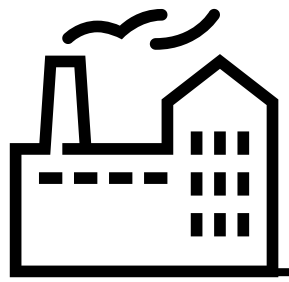
The sectors mentioned in the subsequent slides are for illustrative purposes only. Union Mutual Fund may or may not have any future position in the sectors and it does not classify as any recommendation



## India as a Manufacturing hub

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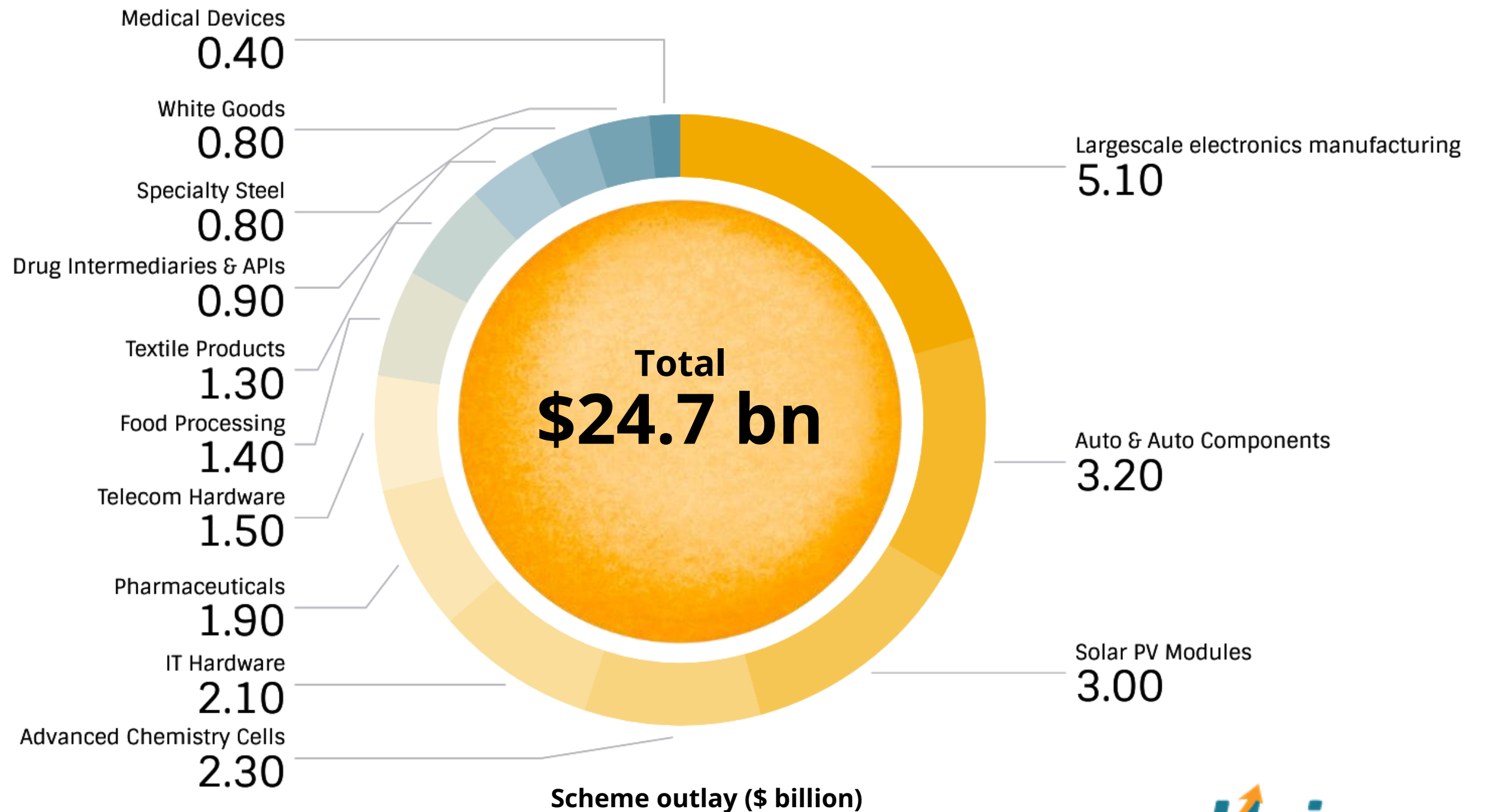
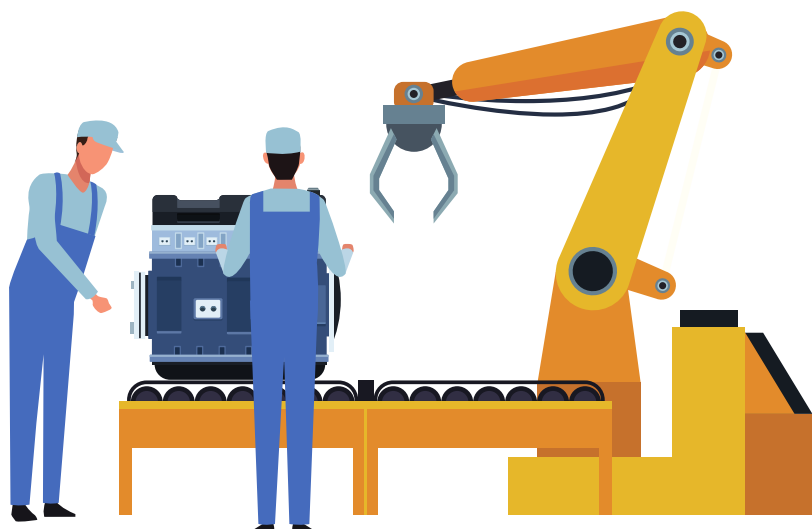
India's rapid growth and strategic positioning have propelled it to become an integral player in the global manufacturing and supply chain ecosystem.



# PLI schemes can transform India into a manufacturing powerhouse

The government has so far announced PLI\* programs, allocating ~\$25bn across 13 sectors

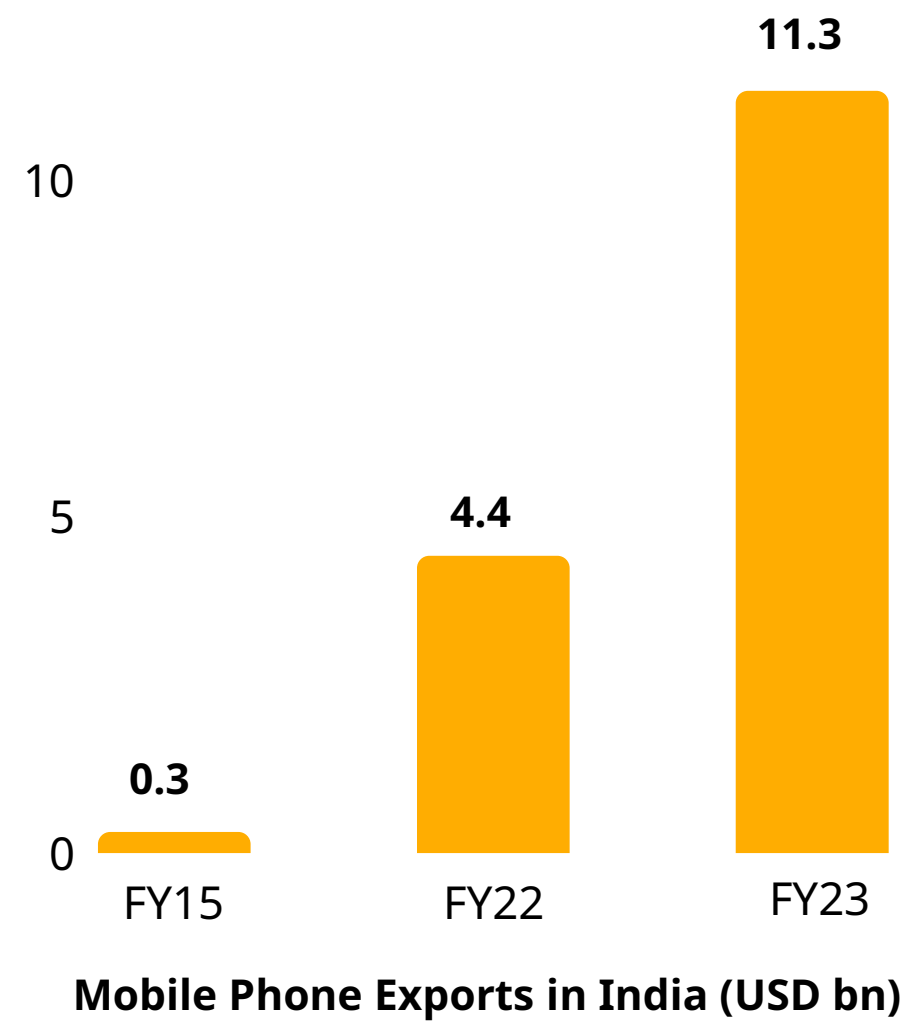
This is likely to transform India into an integral part of the global manufacturing and supply chain



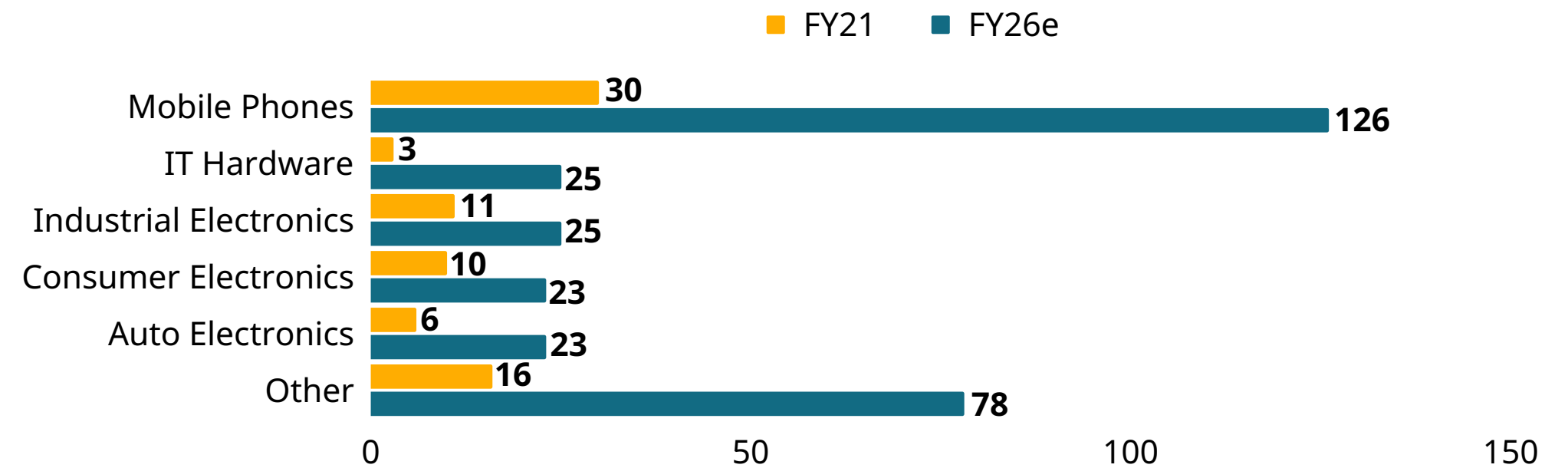
Source: Government of India, Jefferies Report; \*Production Linked Incentive (PLI)

# Electronics Manufacturing in India

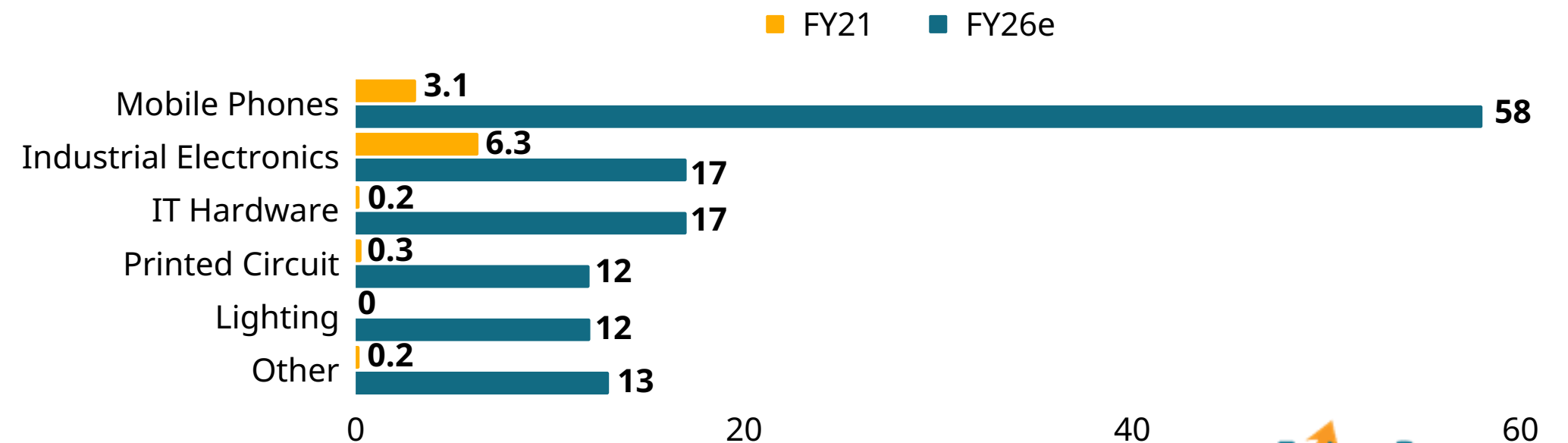
India has witnessed the benefits flowing in due to mobile phone exports and Government intends to grow the production across many such categories.



Electronics Production in India (by segment) (USD bn)



Electronics Exports in India (by segment) (USD bn)



# India as a manufacturing hub China Plus 1



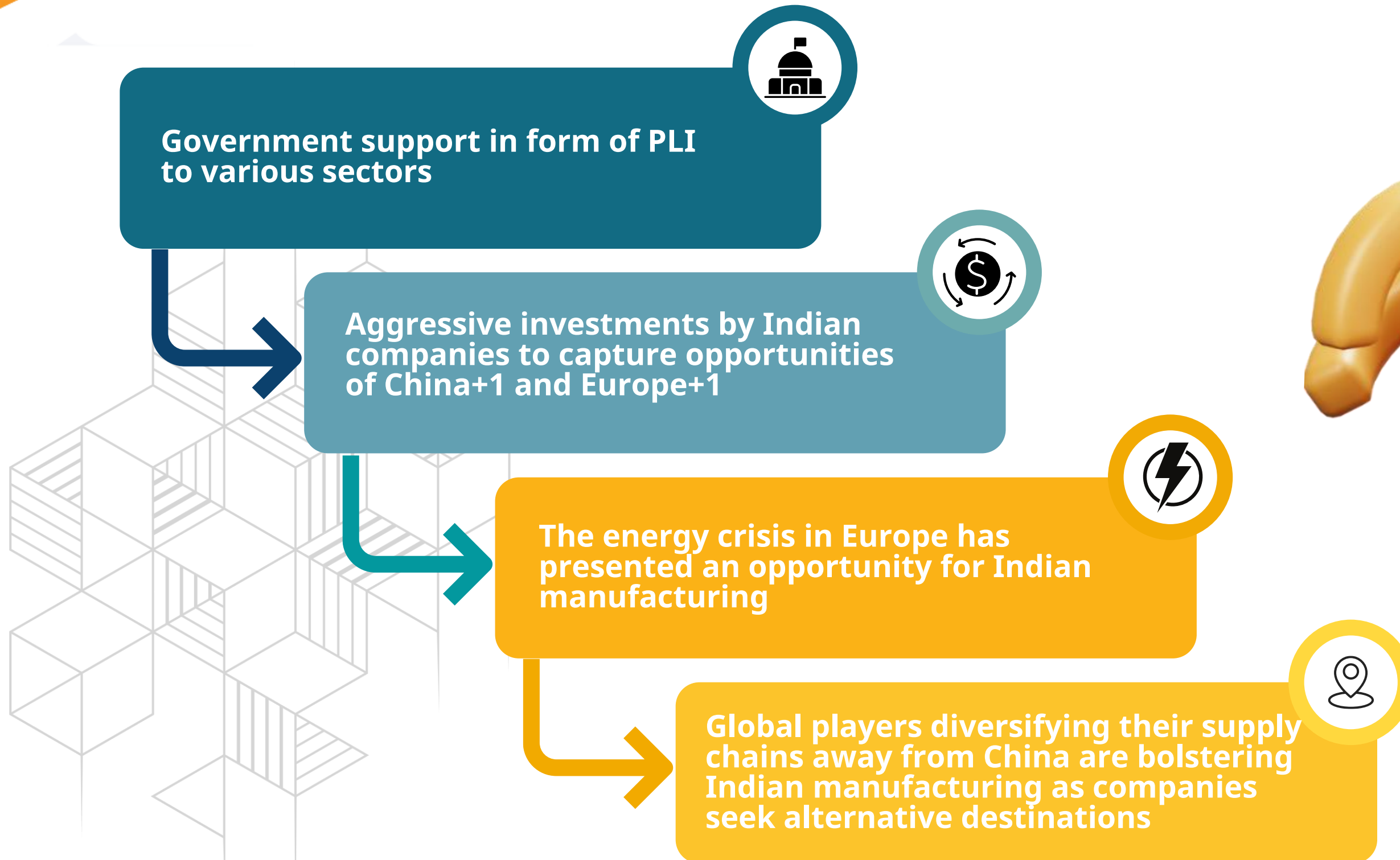
In a survey conducted by Bernstein Research, companies were asked where they would shift their manufacturing from China.

India has witnessed increased interest as a manufacturing destination over the last 2 years; a clear sign that Government's efforts are yielding results.

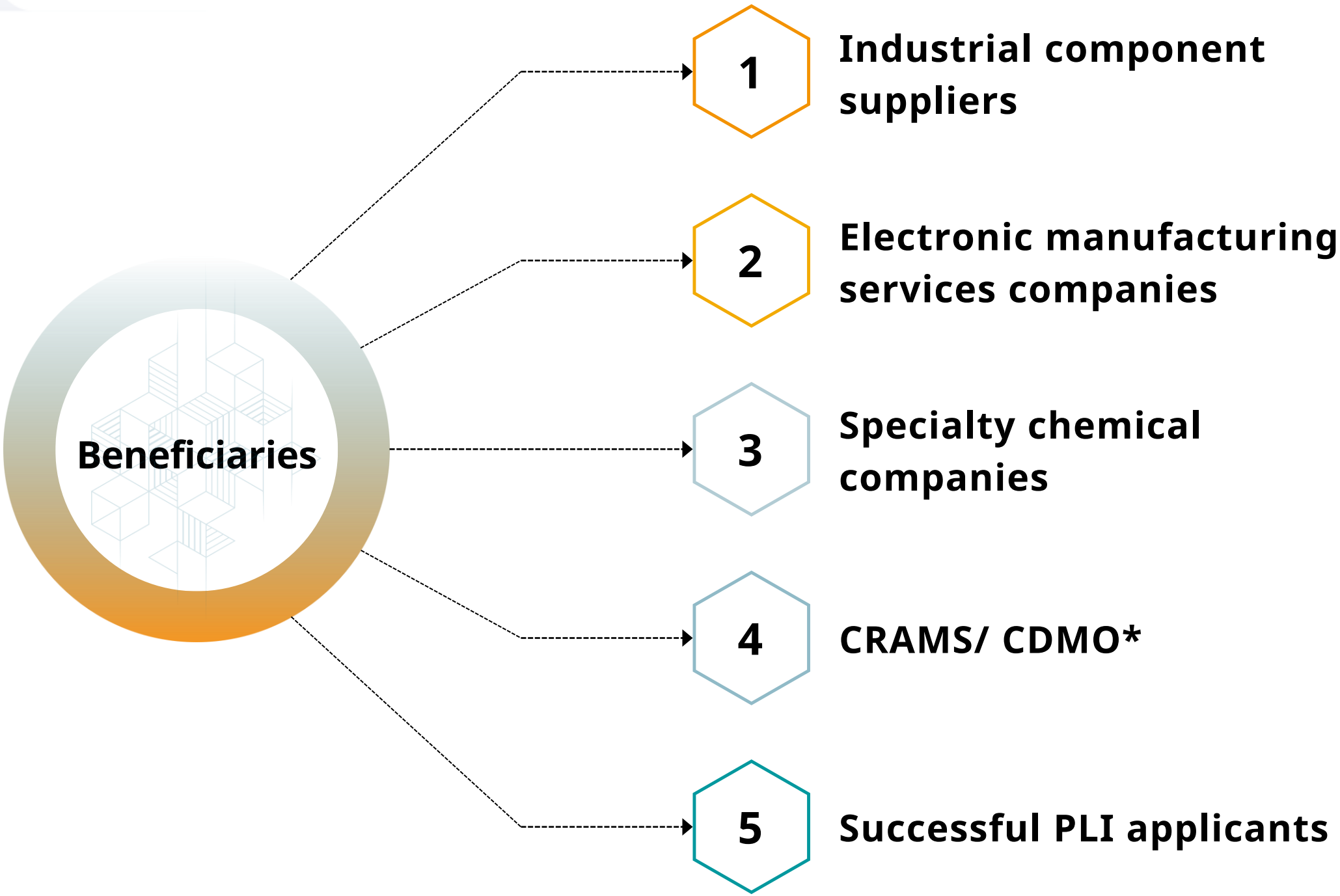
Number of decisions to shift manufacturing from China

Country in which companies would like to shift their Manufacturing	Feb-21 Survey	Feb-23 Survey	Change
North America	5	38	33
Vietnam	25	57	32
<b>India</b>	<b>8</b>	<b>29</b>	<b>21</b>
Japan	5	19	14
Malaysia	5	15	10
Indonesia	3	11	8
Thailand	8	15	7
Taiwan	8	13	5
Europe	0	4	4
Cambodia	2	4	2
Bangladesh	1	2	1
South Korea	2	2	0
Philippines	2	0	-2
Undecided	1	1	0
<b>Total decisions made</b>	<b>75</b>	<b>210</b>	

# Factors of Growth in Indian Manufacturing



# Beneficiaries to rising Indian Manufacturing



Source: Union AMC Internal Research

\*Contract Research & Manufacturing Services (CRAMS) / Contract Development and Manufacturing Organization (CDMO)



## Rise in Consumer Spending/ Organized Commerce

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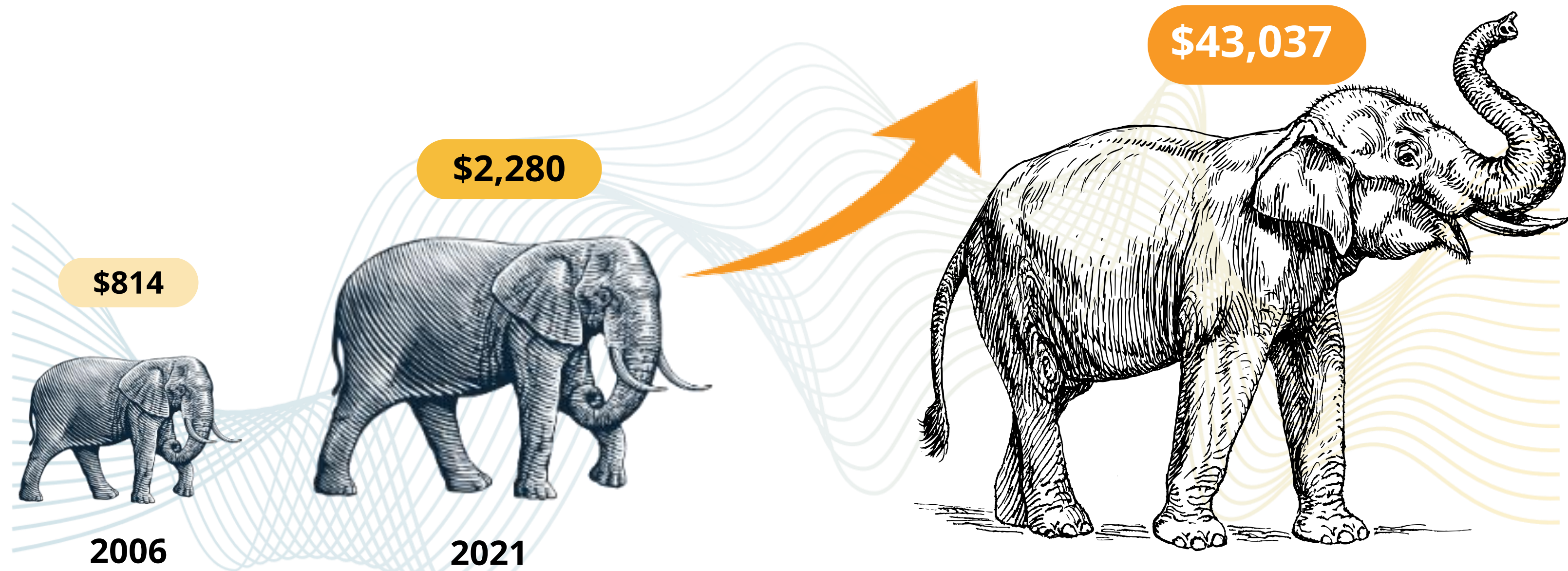
The rise in consumer spending in India has sparked a surge in commerce, driving economic growth and expanding market opportunities.



# GDP per capita India vs the top 10 nations

GDP per capita of India Over The Years

Avg. GDP per capita of the top 10 nations

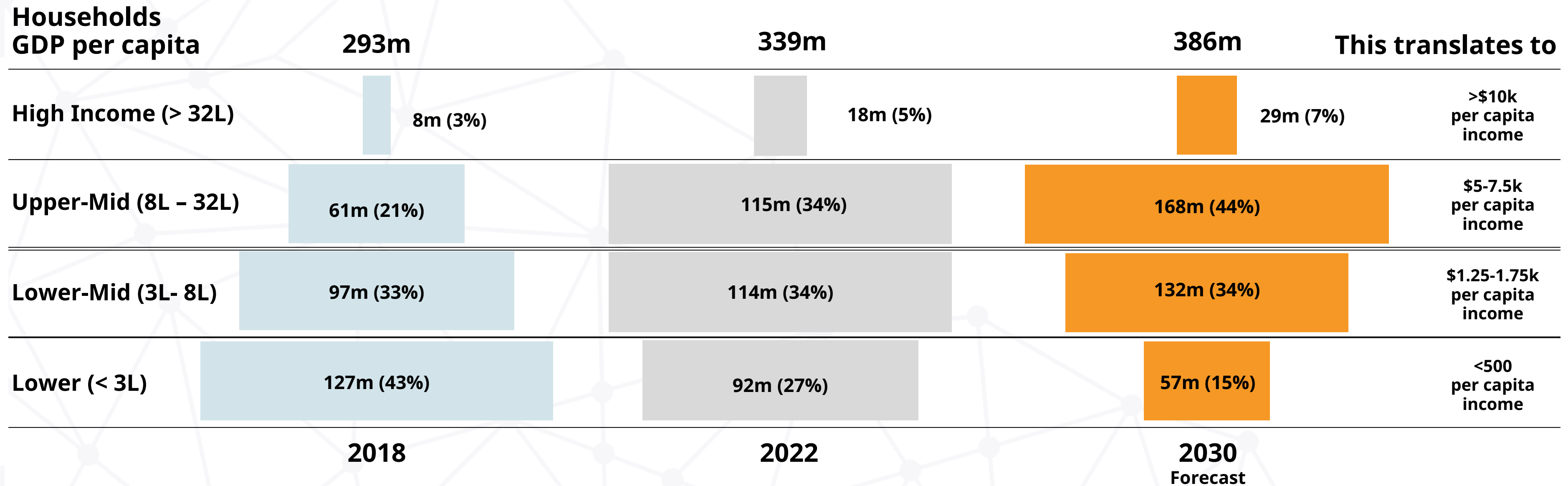


GDP Per Capita Over The Years  
USD per person

Source: IMF

Data are derived by first converting GDP in national currency to U.S. dollars and then dividing it by total population.

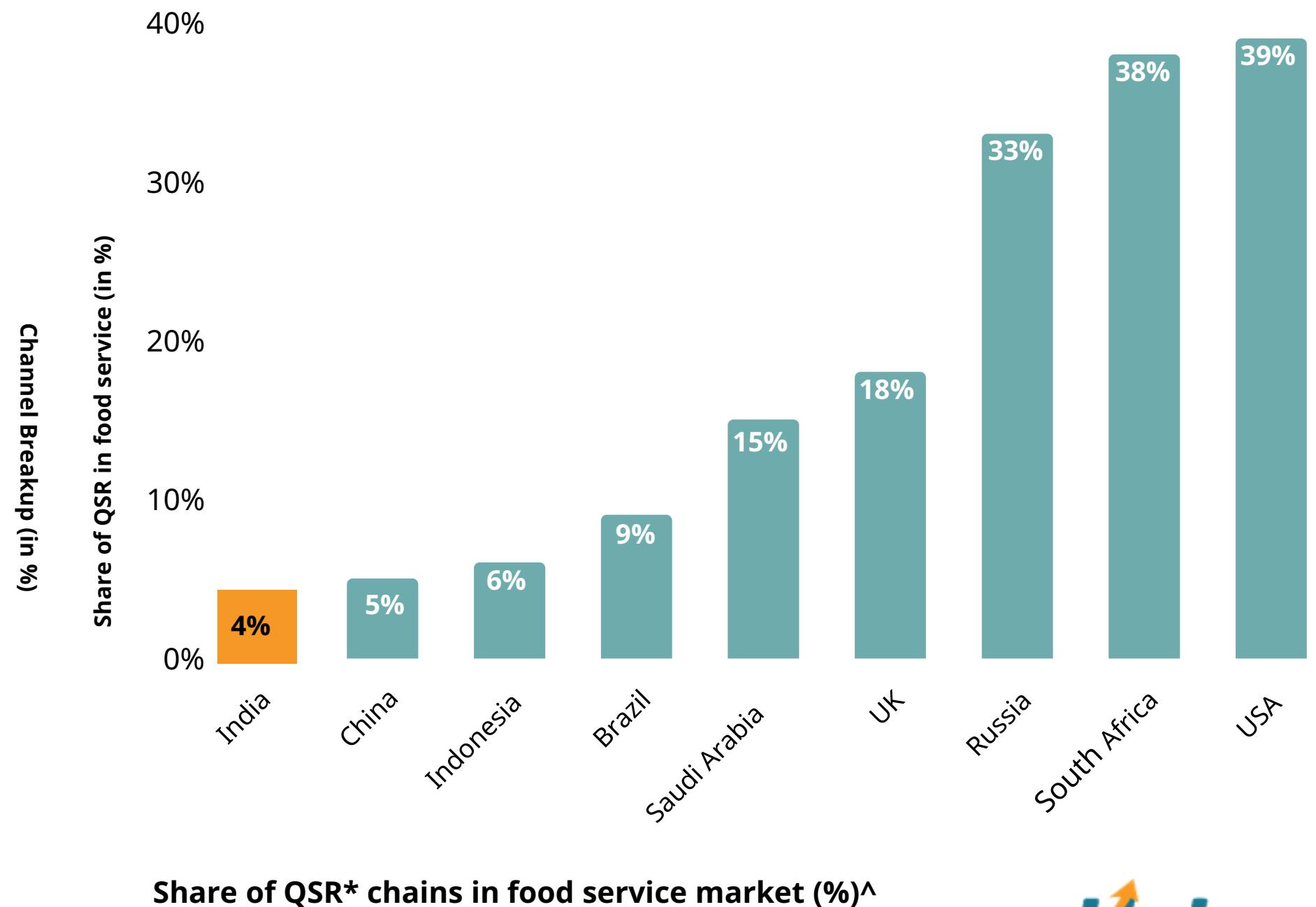
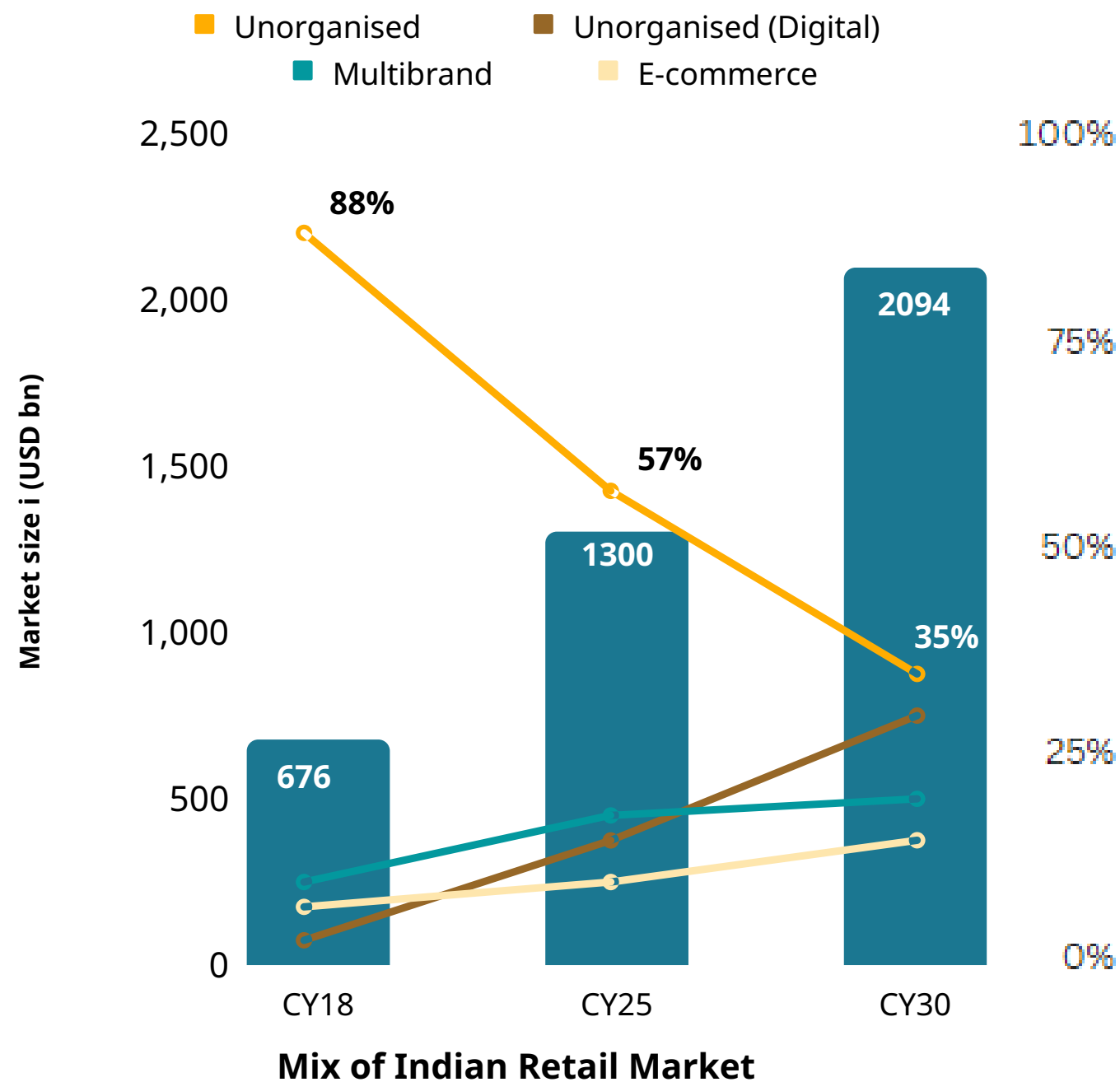
# India is witnessing a dynamic change in Income Demographics



Source: World Economic Forum / Bain Analysis; Note: Projections basis income per household in real terms

# Consumers are spending more

India is expected to see a sharp increase in household income. Additional disposable income is expected to drive multifold growth in consumer discretionary categories.



Source: Company reports, Bernstein analysis and estimates; ^Burger King DRHP (Data as of FY 2019) \*Quick Service Restaurant (QSR)

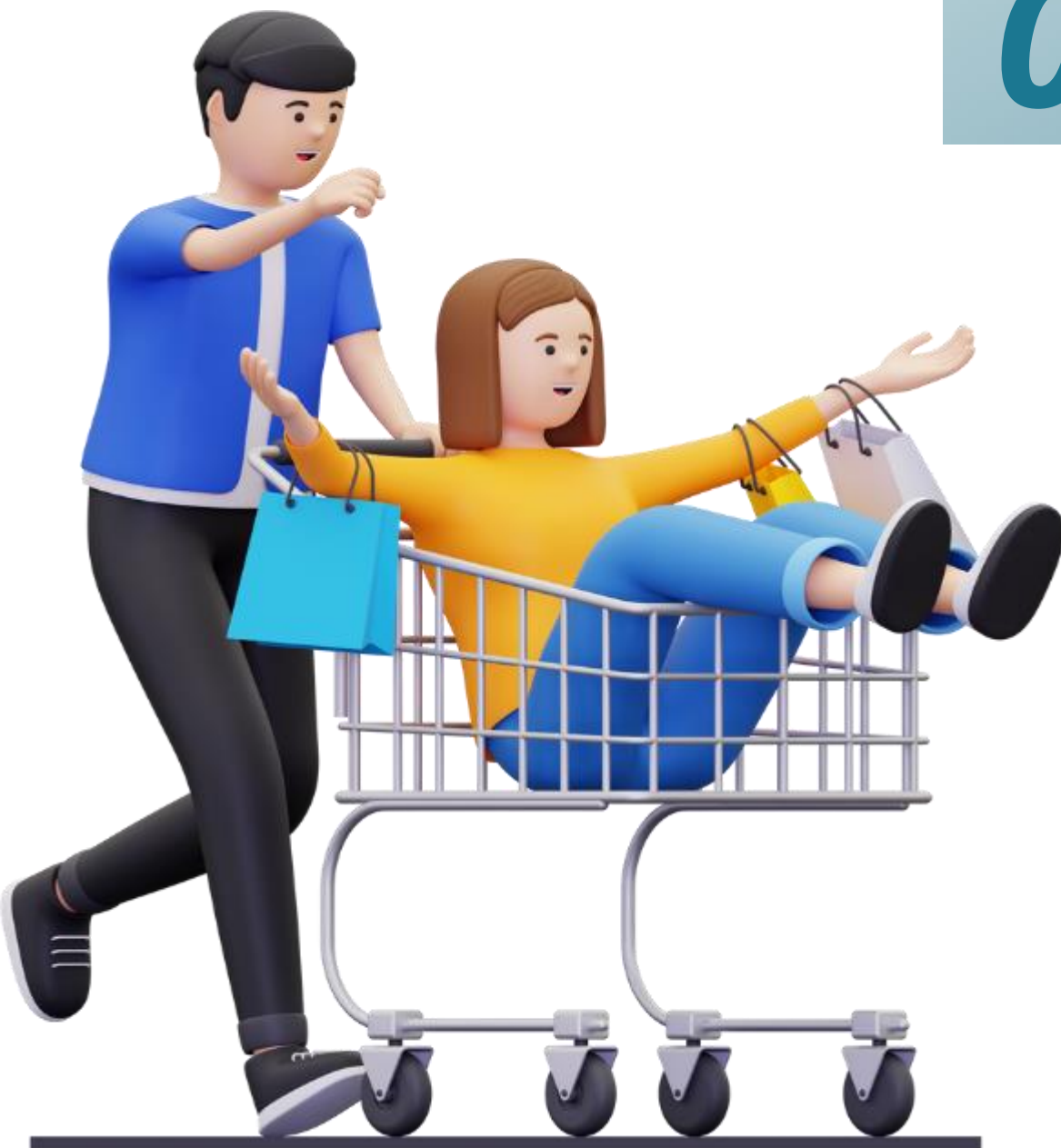
# Key drivers of growth in Consumer Spending

**01** Rising per capita income

**02** Increased brand loyalty and focus on hygiene

**03** Growth in working age population

**04** Expansion of multi-branded outlets



# Beneficiaries of rising Consumer Spending

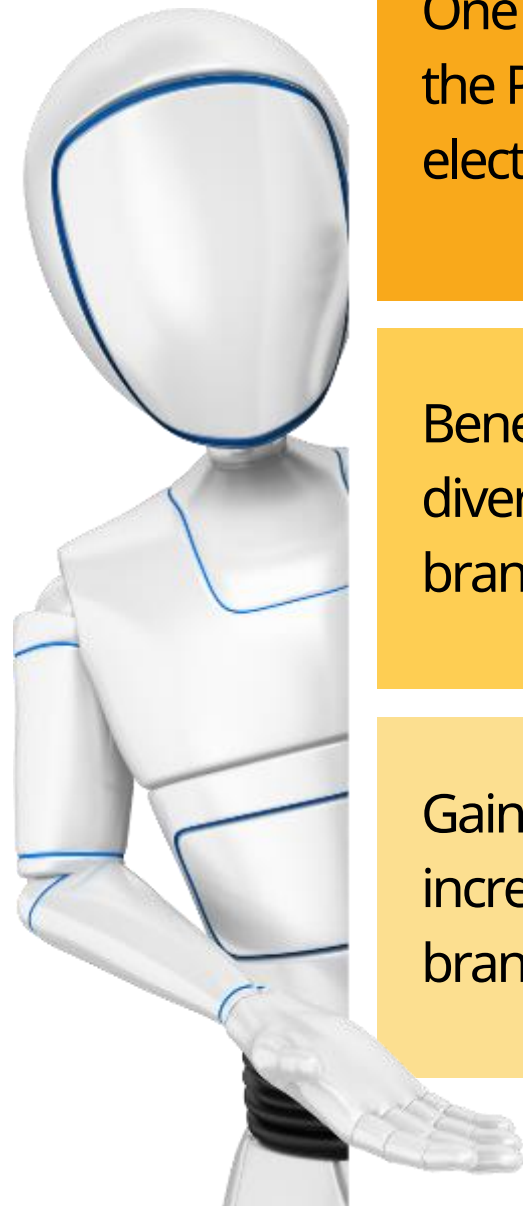


# Case Studies



The sectors mentioned in the subsequent slides are for illustrative purposes only. Union Mutual Fund may or may not have any future position in the sectors and it does not classify as any recommendation

# Diversified Consumer Electronics Player



One of the largest beneficiaries of the PLI schemes for consumer electronics

Benefitting from supply chain diversification by Global electronic brands away from China.

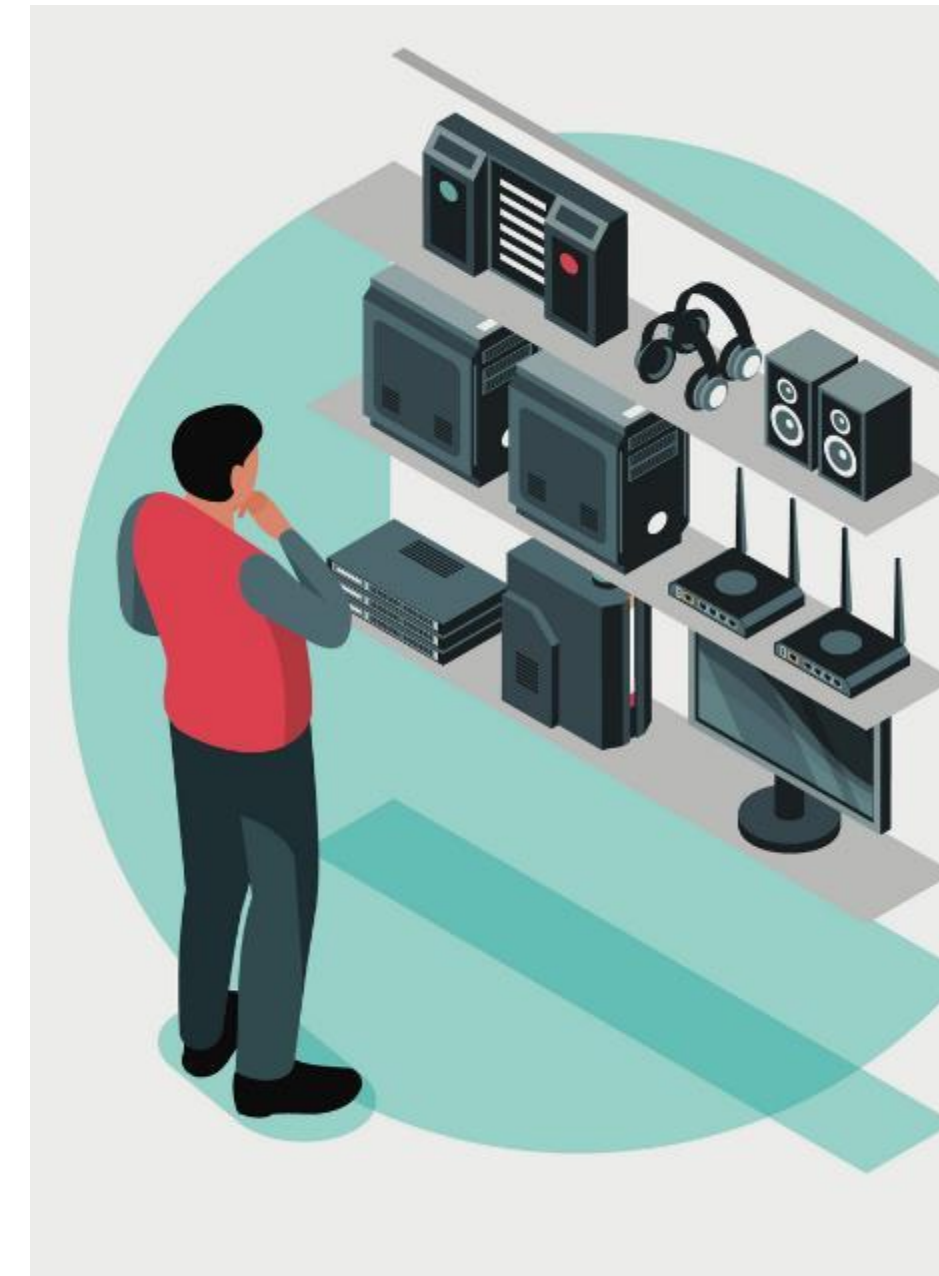
Gaining disproportionately from increased outsourcing by Indian brands

**29 USD billion**

Current market size (FY 23)

**1.5 USD billion**

Current revenue (FY 23)



# Largest Mapping Player In India



Large beneficiary of the oncoming evolution of automobiles - navigation, ADAS, etc.

Play on India's fast-growing e-commerce space as mapping solutions used for delivery tracking

Gaining from increased usage of food-delivery, drone applications, traffic solutions by government etc

**35.2 USD million**

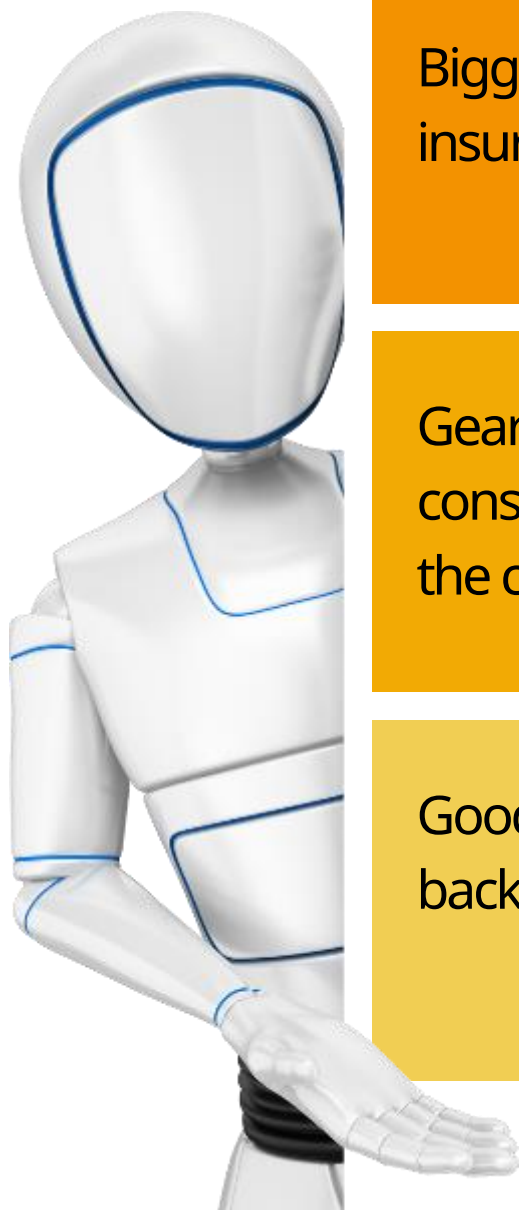
Current revenue (FY 23)

**5000 USD million**

Current market size (FY 23)



# Leading online insurance & credit aggregator in the country



Biggest beneficiary of rising insurance penetration

Geared on under-penetrated consumer credit space through the credit platform

Good profit growth likely on the back of operating leverage

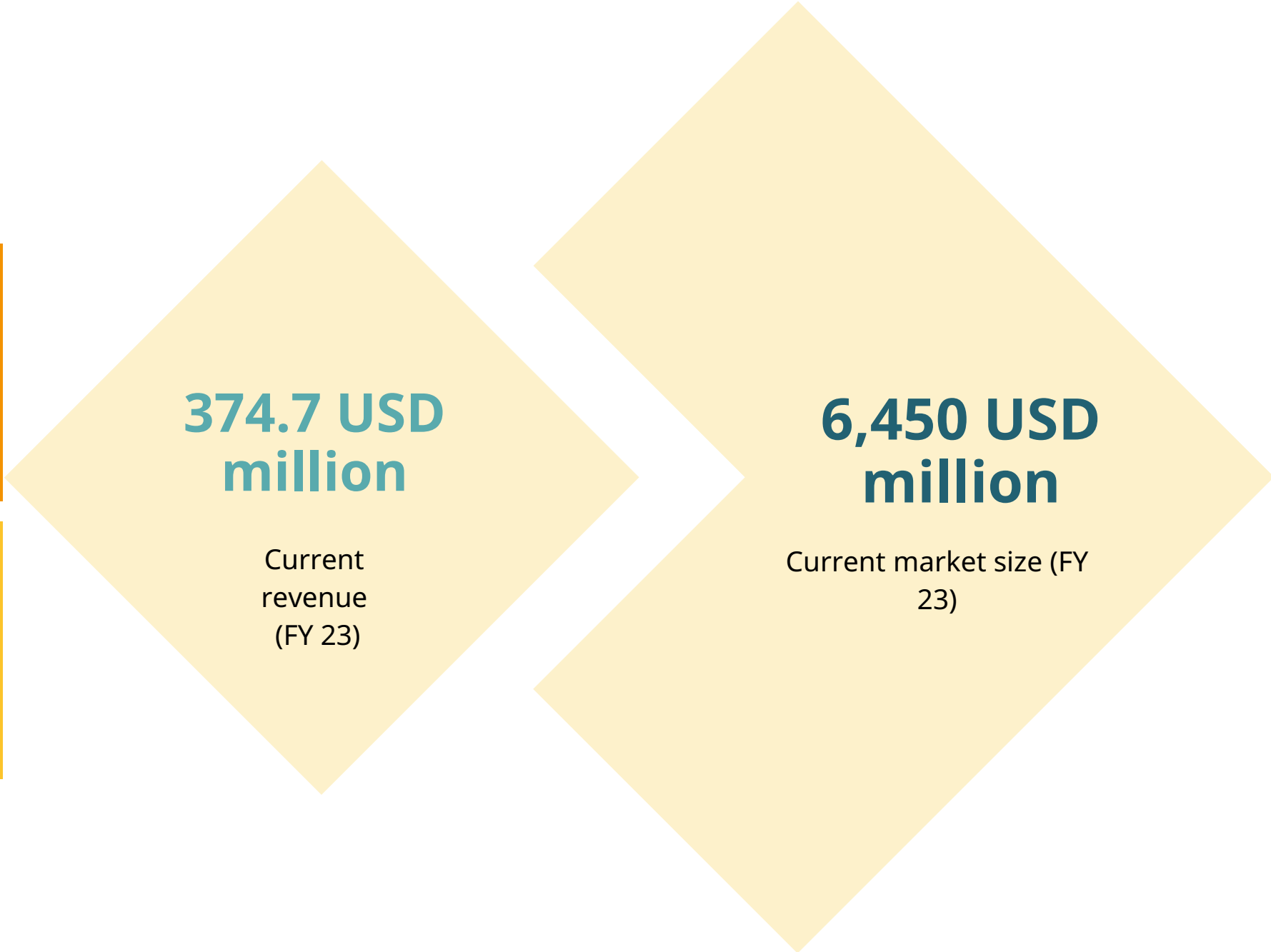


# Leading QSR Player

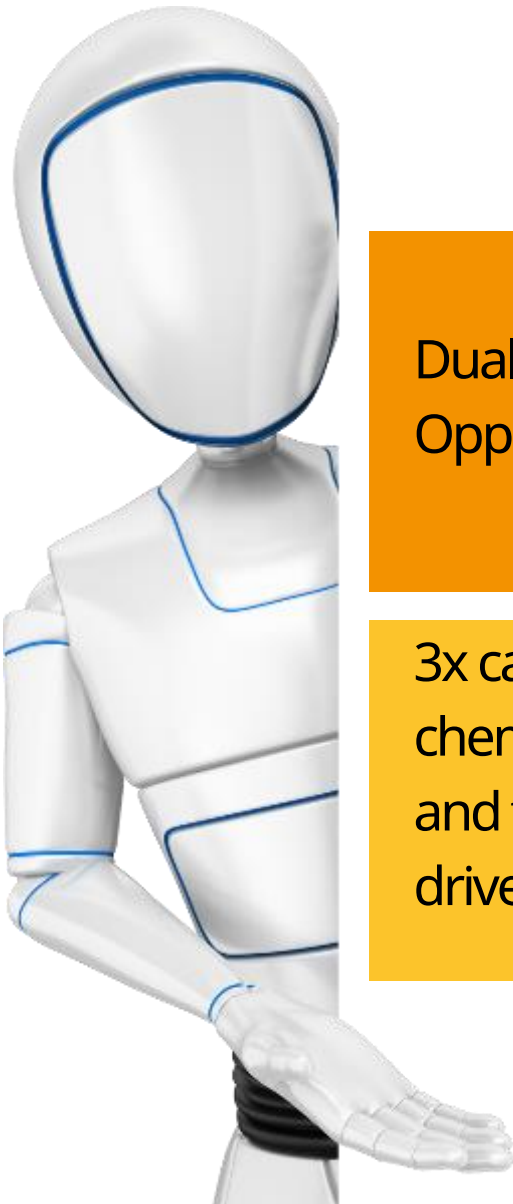


Play on rising preference for Western QSRs brands

Profit growth expected to be significantly higher driven by improving store densities



# Leading Specialty Chemical Player

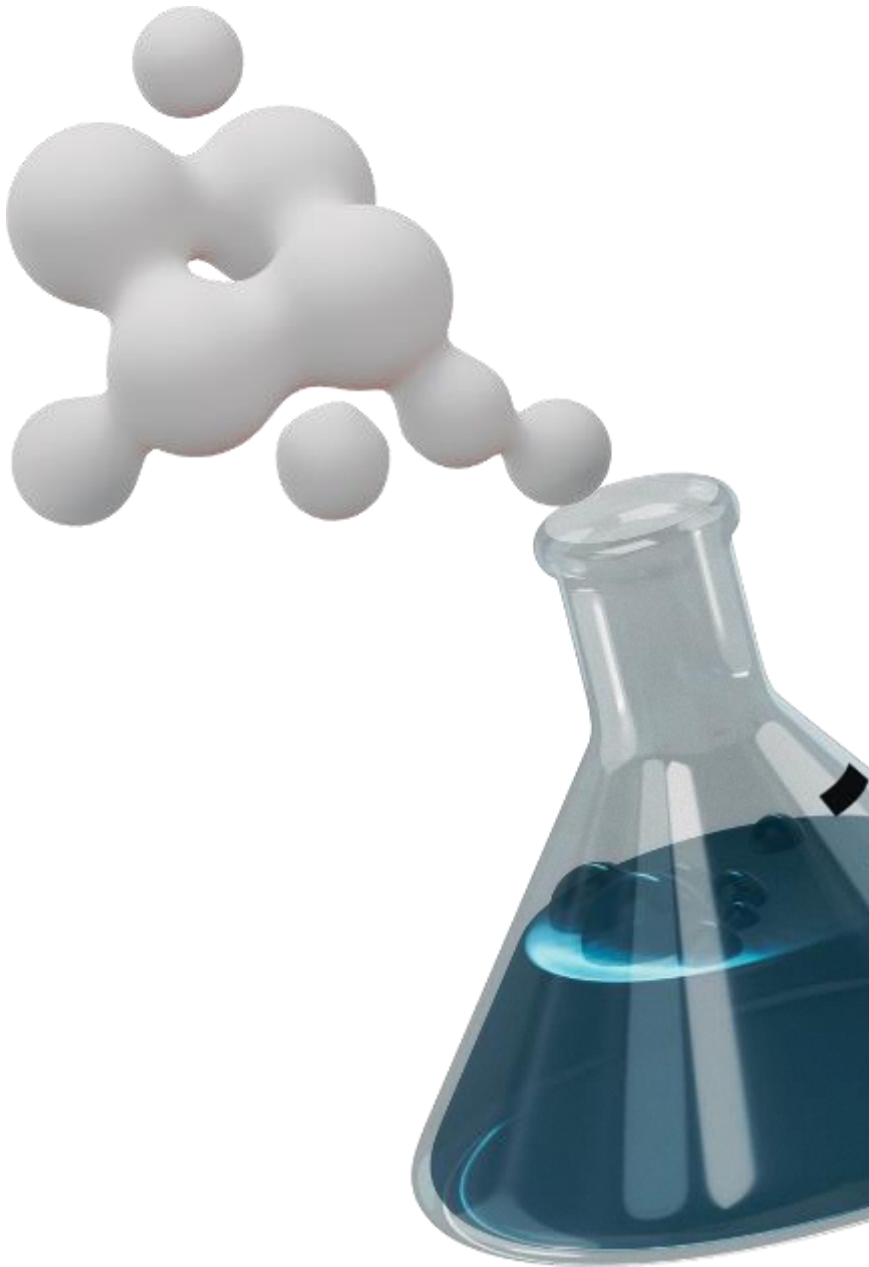


Dual beneficiary of Innovation & Opportunities theme

3x capacity expansion in core chemistries over the last 4 years and further capacity expansions to drive growth

**2,250 USD Million**  
Current market size (FY 23)

**85.8 USD million**  
Current revenue (FY 23)



# Presenting Union Innovation & Opportunities Fund



# Portfolio Strategy



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## True-to-label portfolio

following innovation and  
opportunity theme



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## Focus on growth and quality

at reasonable  
valuations



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







## Investment across

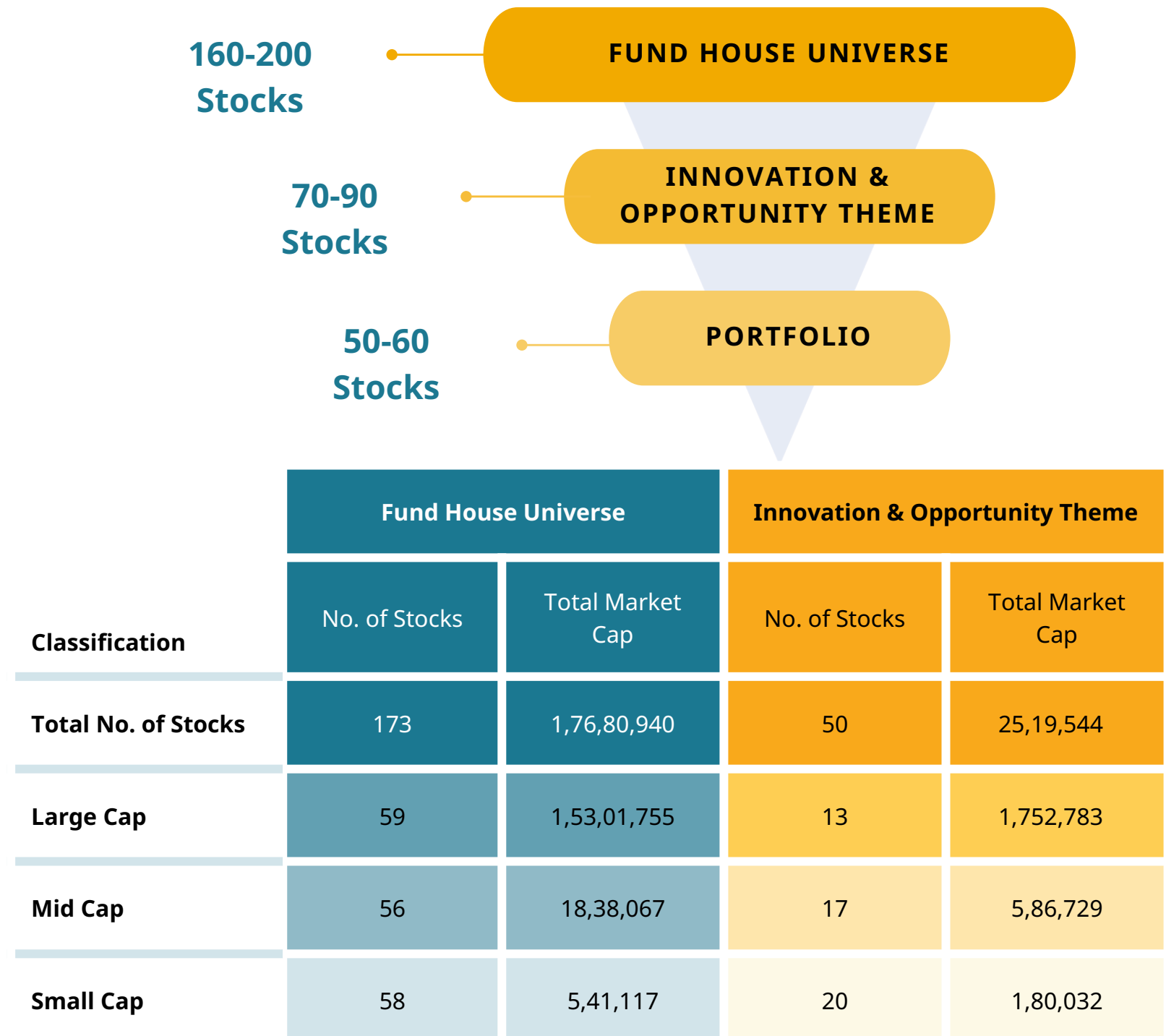
large, mid, and  
small caps

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Note: This is the current investment strategy and may change without notice but would be in accordance with the requirements of the scheme documents.

# Investible Universe By Market Cap

GICS*	Fund House Universe	Innovation & Opportunity Theme
 Consumer Discretionary	35	17
 Industrials	31	9
 Financials	29	5
 Materials	22	4
 Health Care	15	4
 Consumer Staples	15	2
 Information Technology	13	5
 Communication Services	4	2
 Utilities	4	1
 Real Estate	3	1
 Energy	2	0
<b>Total</b>	<b>173</b>	<b>50</b>



\*Global Industry Classification Standard (GICS)

Source: Union AMC Internal Research; Data as of June 2023



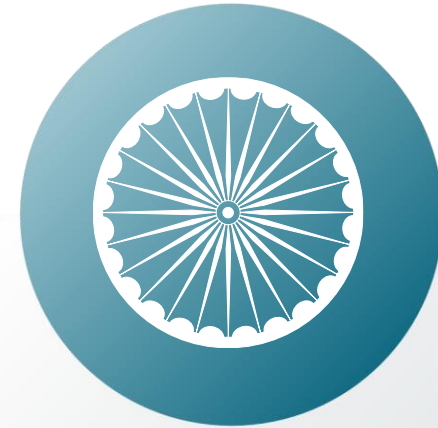
## This product is suitable for investors who



**Are well-informed  
and experienced**



**Want specialized  
exposure to  
disruptive and  
innovative  
companies**



**Want to  
participate in  
India's growth  
story**



**Have a Very  
High Risk  
Appetite**



**Wish to diversify  
their portfolio**

# Investment Objective & Asset Allocation



The investment objective of the Scheme is to achieve long term capital appreciation by investing predominantly in equity and equity related securities of Innovative Companies.

However, there is no assurance that the Investment Objective of the Scheme will be achieved.

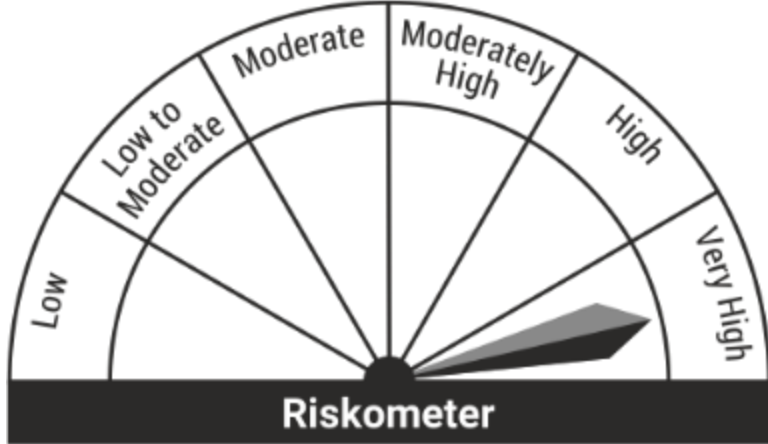
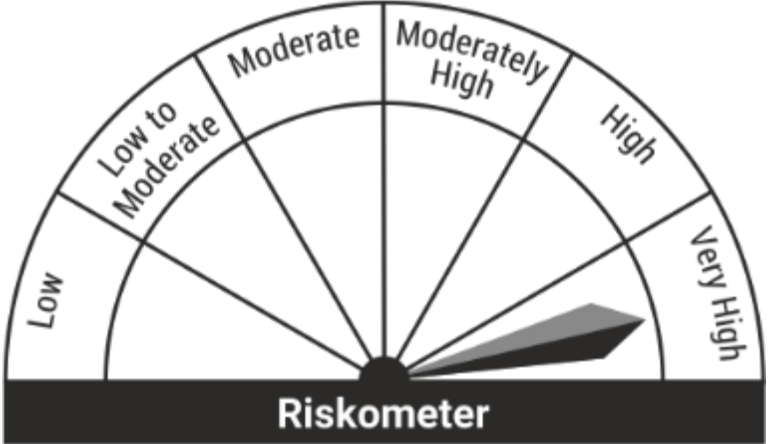
Instruments	Indicative Allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Equity and Equity Related instruments of Innovative Companies	80%	100%	Very High
Equity and Equity Related instruments of other than above Companies	0%	20%	Very High
Debt and Money Market Instruments	0%	20%	Low to medium
Units issued by REITs and InvITs	0%	10%	Very High

# Scheme Details

<b>Type of Scheme</b>	An open-ended equity scheme following innovation theme.
<b>Co-Fund Manager</b>	Mr. Hardick Bora, Co-Head Equity Mr. Sanjay Bembalkar, Co-Head Equity
<b>Plans</b>	Direct Plan for investors who purchase units directly with Union Mutual Fund. Regular Plan for investors who purchase units through a Distributor.
<b>Options</b>	Growth Income Distribution cum Capital Withdrawal (IDCW) Option
<b>Application Amount<sup>\$</sup></b>	Minimum Application Amount: ₹1,000 and in multiples of ₹ 1 thereafter Minimum Additional Investment: ₹ 1,000 and in multiples of ₹ 1 thereafter Minimum Redemption Amount: ₹1,000 or the balance in the account of the unitholder, whichever is lower. The redemption request should meet the above minimum redemption amount criteria and should be in multiples of ₹ 1 thereafter.
<b>Load Structure</b>	Entry : Not Applicable Exit Load: 1% if units are redeemed/switched out on or before completion of 1 year from the date of allotment. Nil if redeemed or switched out after completion of 1 year from the date of allotment of units.
<b>Benchmark Index</b>	Nifty 500 Index (TRI)@@@

<sup>\$</sup>Please refer the Scheme Information Document for complete details.

# Scheme Product Label & Benchmark Riskometer

This product is suitable for investors who are seeking*	Riskometer	Benchmark Riskometer
<ul style="list-style-type: none"> <li>• Capital appreciation over long term.</li> <li>• Investment predominantly in equity and equity related securities of Innovative Companies</li> </ul>	 <p data-bbox="1339 1146 1985 1234">Investors understand that their principal will be at very high risk</p>	 <p data-bbox="2269 1159 2745 1206">Nifty 500 Index (TRI)@@@</p>

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

Note: The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made. The Benchmark riskometer is based on the evaluation of the portfolios for the month ended June 30, 2023.



# Disclaimer

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

**@@@Benchmark NIFTY 500 Index disclaimer:** The “Product” offered by “the issuer” is not sponsored, endorsed, sold or promoted by NSE Indices Limited (formerly known as India Index Services & Products Limited). NSE Indices Limited does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for a particular purpose or use) and disclaims all liability to the owners of “the Product” or any member of the public regarding the advisability of investing in securities generally or in the “the Product” linked to NIFTY 500 Index or particularly in the ability of the NIFTY 500 Index to track general stock market performance in India. Please read the full Disclaimers in relation to the NIFTY 500 Index in the Scheme Information Document.

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**Statutory Details: Constitution:** Union Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; **Sponsors:** Union Bank of India and Dai-ichi Life Holdings, Inc.; **Trustee:** Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; **Investment Manager:** Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059. Toll Free No. 18002002268/18005722268 • Non Toll Free. 022-67483333 • Fax No: 022-67483401 • Website: [www.unionmf.com](http://www.unionmf.com) • Email: [investorcare@unionmf.com](mailto:investorcare@unionmf.com)

Copy of all Scheme related documents along with the application form can be obtained from any of our AMC offices / Customer Service Centres/ distributors as well as from our website [www.unionmf.com](http://www.unionmf.com).

THANK YOU

