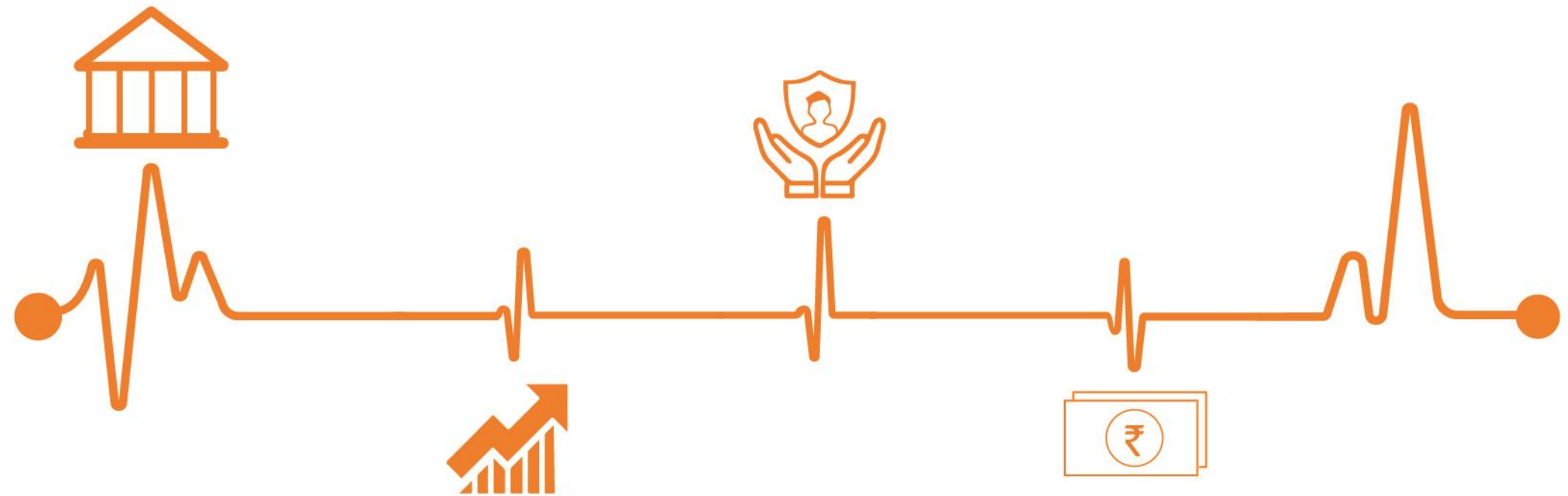


# Mirae Asset Banking and Financial Services Fund

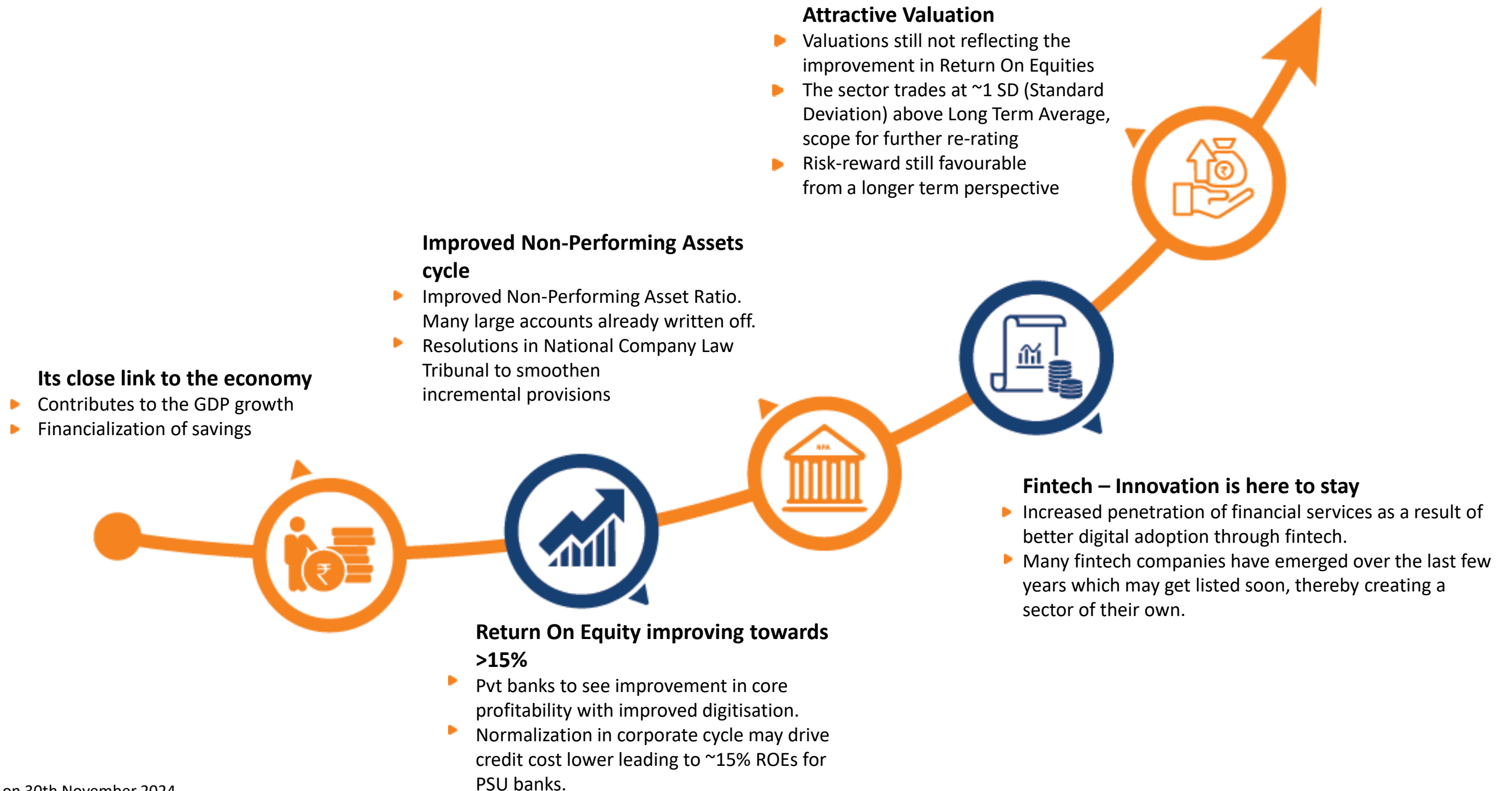
An open ended equity scheme investing in Banking & Financial Services Sector.

**Lifelines**  
we may bank on



**December**  
**2024**

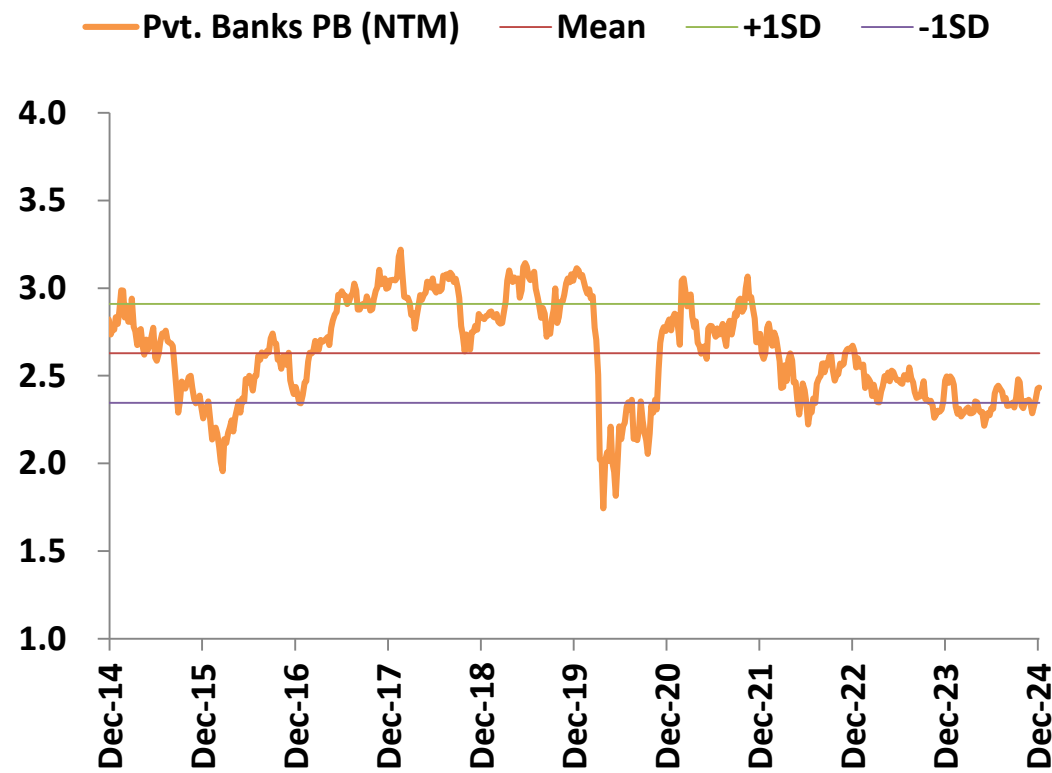
# Why Banking & Financial Services Now?



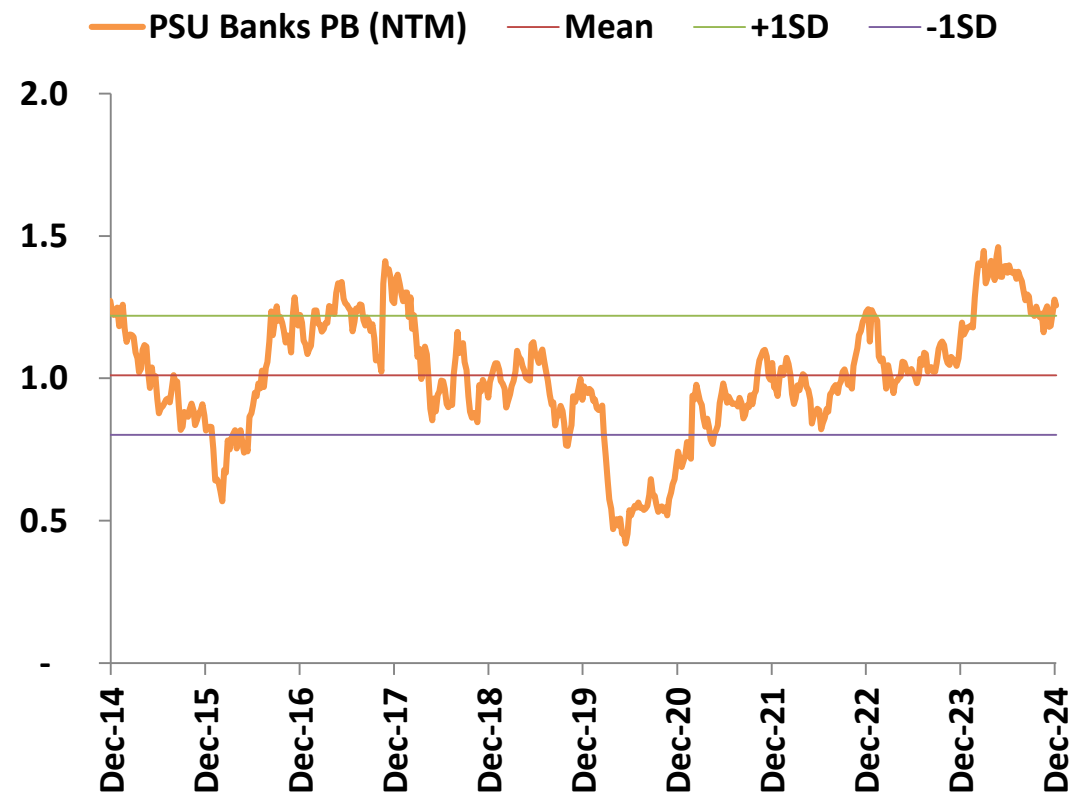
# Valuation remains reasonable from a longer term perspective

- ▶ While Private banks are trading below their long term average valuations, PSU Banks are trading above their long term average valuations and NBFCs are trading very close to mean. From hereon, growth & earnings outlook will drive stock performance.

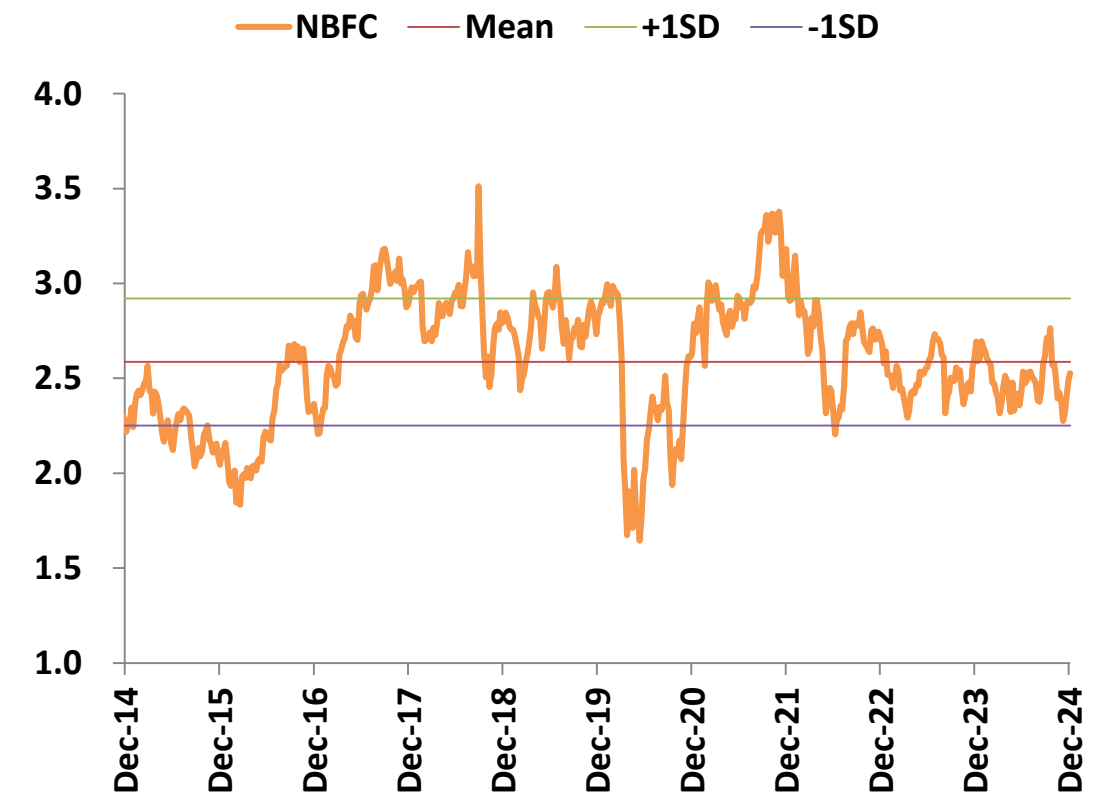
### Current Valuation of Private Bank Index



### Current Valuation of PSU Banks Index



### Current Valuation of NBFCs



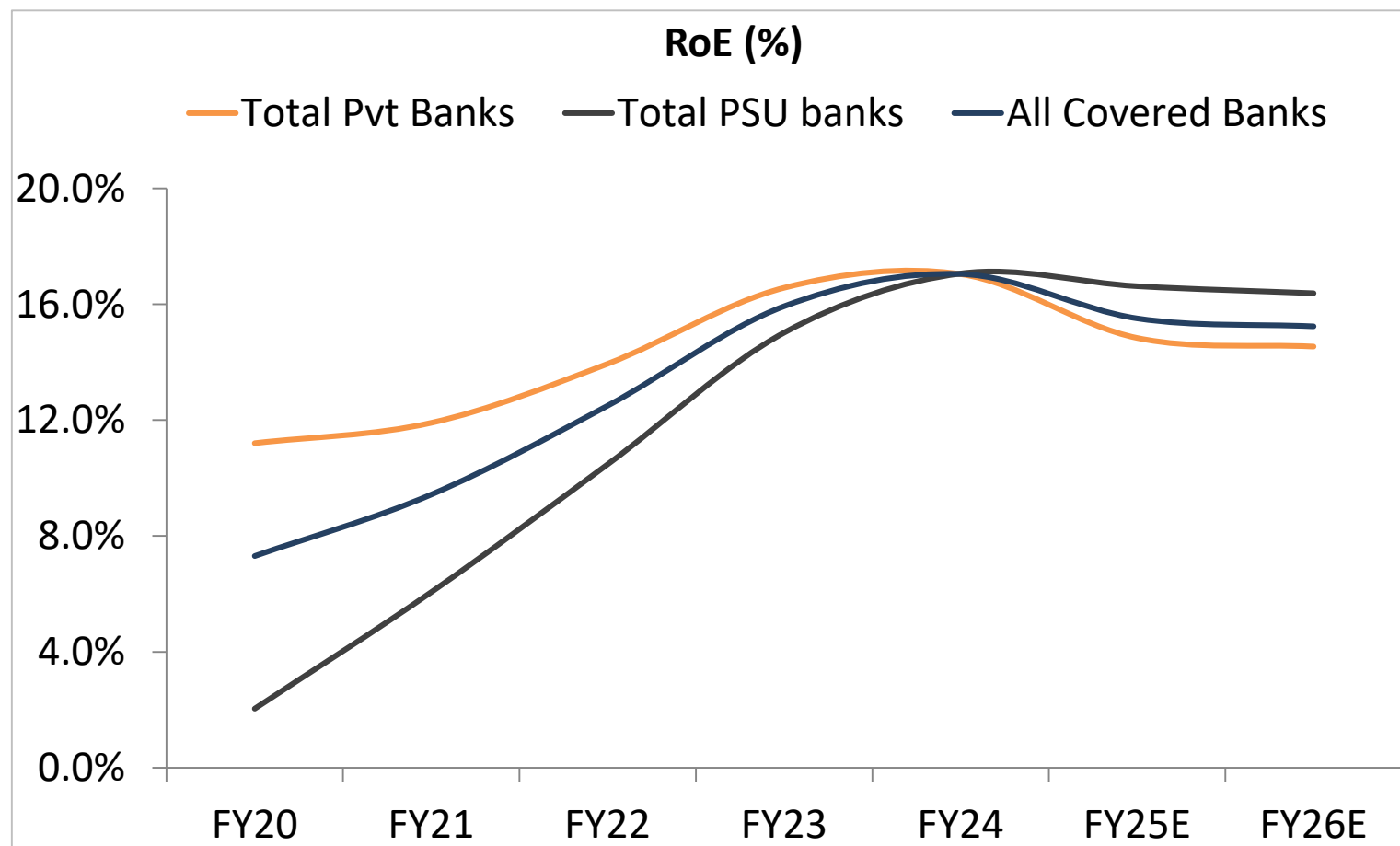
Source: Bloomberg. Data as on 13th Dec 2024

^SD- Standard Deviation. NTM – Next Twelve Months. PSU: Public Sector Undertakings. NBFCs: Non-Banking Financial Companies

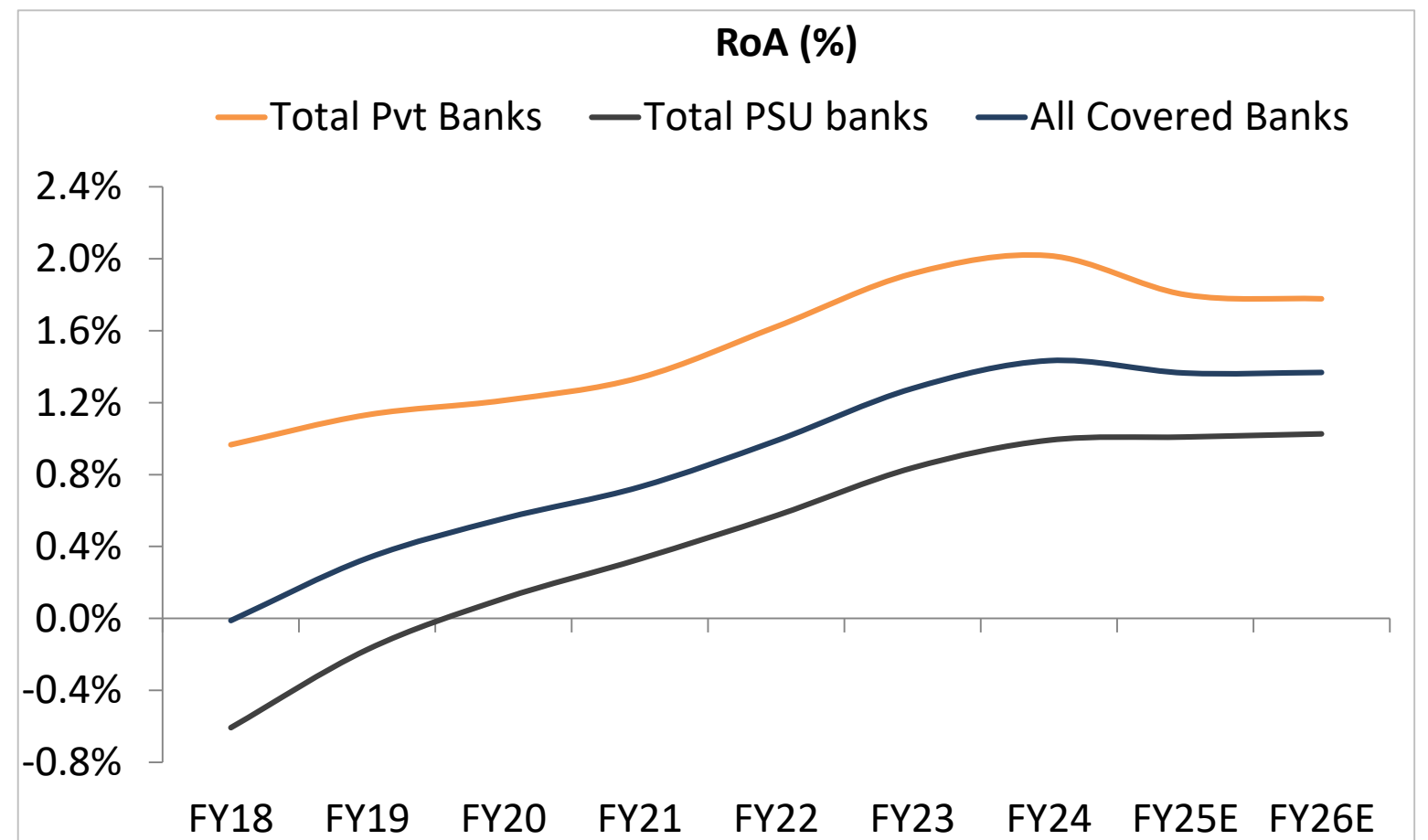
# Valuation driven by improvement in ROA/ROE

- ▶ The valuations are also driven by underlying Return on Assets/Return on Equity (ROA/ROE) metrics that are suggesting significant improvement over the next few years vs a few years back for both Private and Public Sector Undertaking (PSU) banks.

**ROE trajectory improving towards 15% for banks**



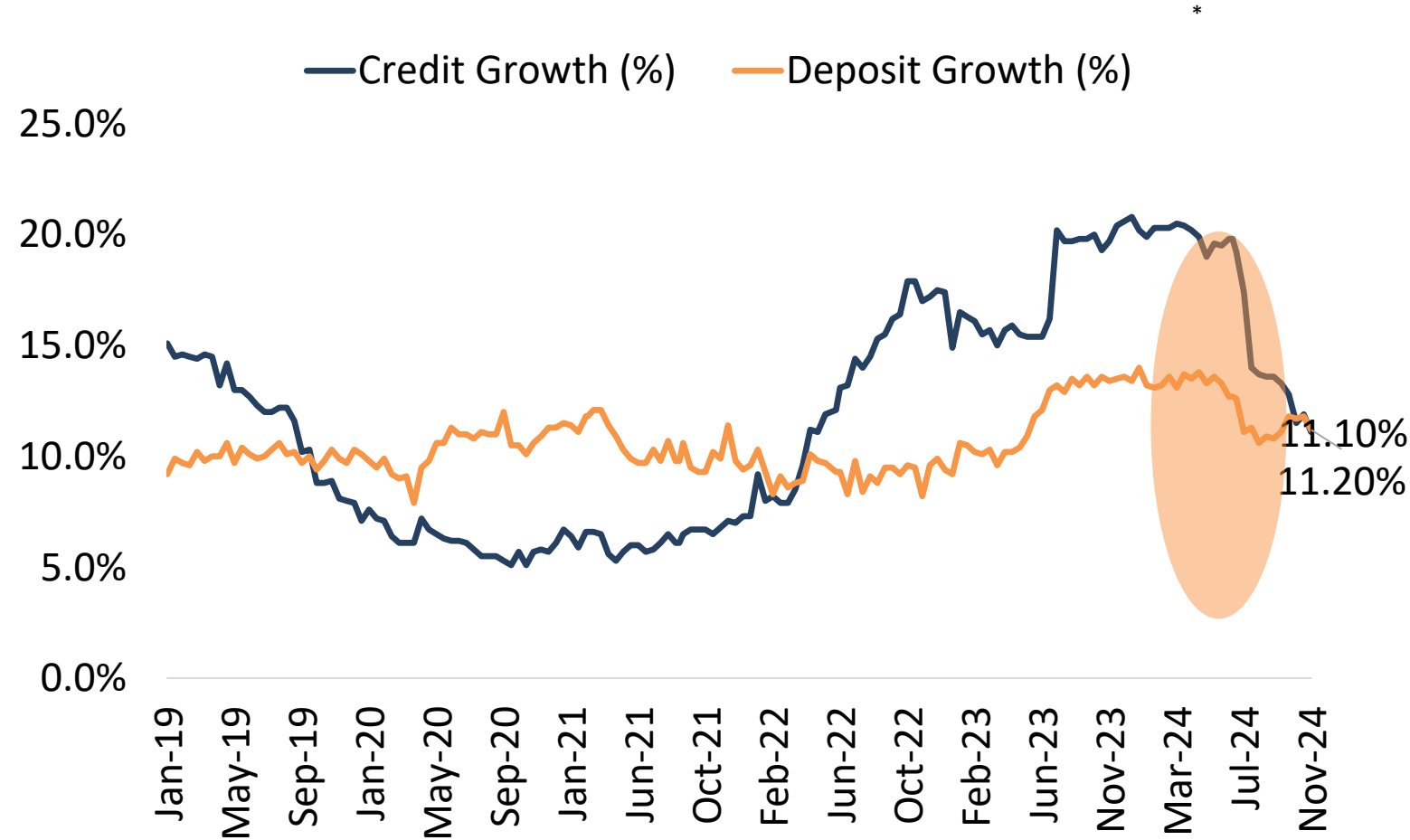
**ROAs inching closer to 1.4% for the sector**



# Street view: Credit vs Deposit growth

- ▶ In FY 23 & 24 Credit growth has taken a lead which brings the incremental CD ratio at 110%; However, in past ~10 years, CD ratio stands at maximum of 80% till FY24.
- ▶ There seems to be a resilient demand and economic activity coupled with a relatively cheaper loan availability in global terms.
- ▶ The recent liquidity in economy and credit growth spike seems to be converging
- ▶ The Preference for Alternate Avenues has gained momentum with market rate of returns

**SCBs Aggregate Deposit & Credit Growth (YOY%) is narrowing**  
(as of 30<sup>th</sup> Nov. 2024)



**SCBs Aggregate Deposit & Credit Growth**  
(as of 30<sup>th</sup> Nov. 2024)

Year	Aggregate Deposits			Bank Credit			Incremental CD Ratio	CD Ratio
	Level O/S (Rs Lakhs Crore)	Growth (Rs Lakhs Crore)	YOY%	Level O/S (Rs Lakhs Crore)	Growth (Rs Lakhs Crore)	YOY%		
FY 14	87	11	14.2%	67	9	14.9%	80%	77%
FY 15	98	10	12.0%	75	7	10.9%	70%	76%
FY 16	108	10	10.4%	82	7	9.7%	71%	76%
FY 17	121	12	11.4%	88	6	7.8%	52%	73%
FY 18	130	9	7.5%	95	7	7.5%	74%	73%
FY 19	141	12	8.9%	108	13	13.7%	113%	77%
FY 20	155	14	9.9%	118	10	9.4%	73%	76%
FY 21	172	17	11.0%	125	7	5.9%	41%	73%
FY 22	189	17	9.7%	134	9	7.1%	53%	71%
FY 23	207	18	9.5%	153	19	14.3%	107%	74%
FY 24	234	27	13.0%	183	30	19.3%	110%	78%
FYTD 25	127	14	12.0%	101	14	16.2%	103%	79%

# Street view: Credit vs Deposit growth

- ▶ Credit & Deposit growth have diverge in phases, lasting 2-4 years.
- ▶ As per the RBI study, we are in 26<sup>th</sup> month of credit-deposit divergence and based on past data, the end of the cycle is to be expected between Jun '25 – Oct '25.
- ▶ Post this cycle the deposit growth may reverse and there might be relative slowdown in credit growth, a potential rate reversal and growth slowdown.

## Credit and Deposit- Divergence & Convergence Period

Identifying Period				* Credit Growth			Deposit Growth		
Start Month	End Month	No. Of Months	Average Growth Gap: Credit Deposit(bps)	Peak of Credit Growth during that period (y-o-y; percent)	Growth after 12 months after end month (y-o-y; percent)	Change in Credit Growth (bps)	Deposit Growth in the month when credit growth peaked (y-o-y; percent)	Deposit Growth after 12 months after end month (y-o-y; percent)	Change in Deposit Growth (bps)
Apr-04	Jun-07	39	1071	36	26	-961	20	20	232
Apr-10	Oct-13	43	332	24	11	-1382	17	11	-555
Nov-17	Aug-19	21	432	15	6	-958	9	11	173
Apr-22	Jun-24	26	522	21	-	-	15	-	-



# Mirae Asset Banking And Financial Services Fund

(Sectoral / Thematic Fund - An open-ended equity scheme investing in Banking & Financial Services Sector)

## Investments in Fund

Investment predominantly in equity and equity related securities of companies engaged in banking and financial services sector.

## Investment Framework<sup>^</sup>

Invest minimum of 80% in equity and equity related instruments in the Banking and Financial Services Sector

Flexibility to invest across market capitalization


Build a portfolio of potentially strong growth companies, reflecting our investment ideas

## Why Mirae Asset Banking and Financial Services Fund?

Investing in stocks (across the market cap) benefiting either directly or indirectly from Banking and Financial sector growth.

<u>Fund Inception</u>	<u>Category</u>	<u>Benchmark</u>
11 <sup>th</sup> Dec, 2020	Banking & Finance Fund	Nifty Financial Services Index (TRI)
<u>Goal</u>	<u>Ideal Investment Horizon</u>	<u>Risk Profile</u>

 Wealth Creation

 3+ Years

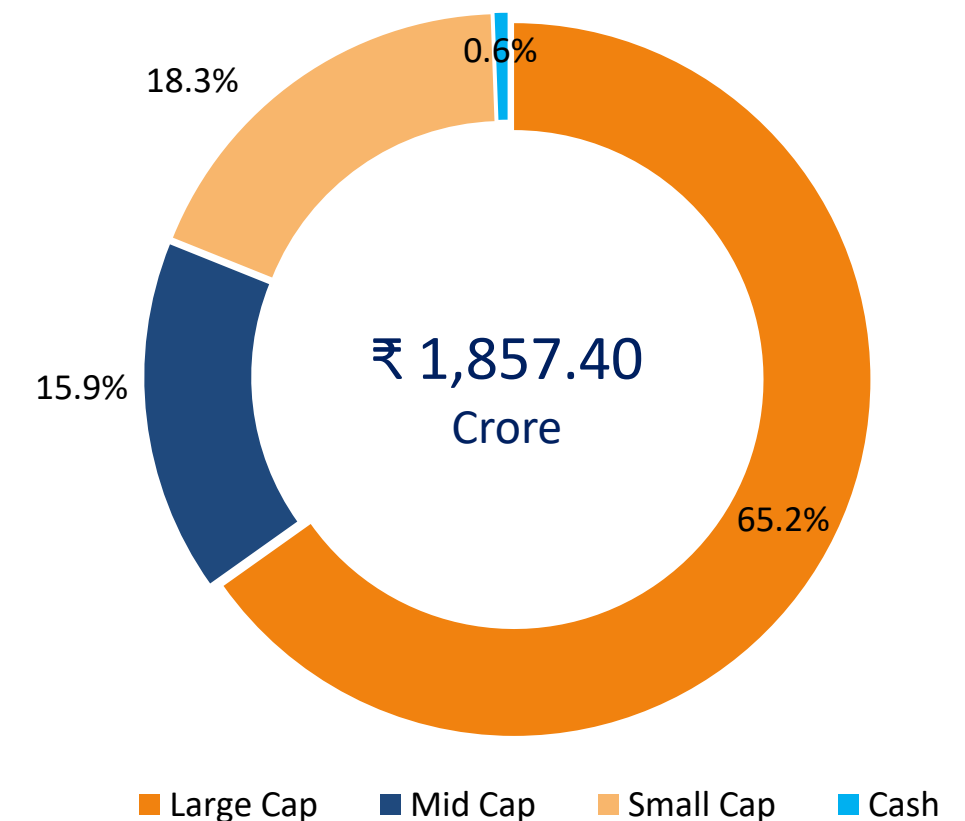
 Very High Risk

## Fund Manager



Mr. Gaurav Kochar (Managing the fund Since inception)

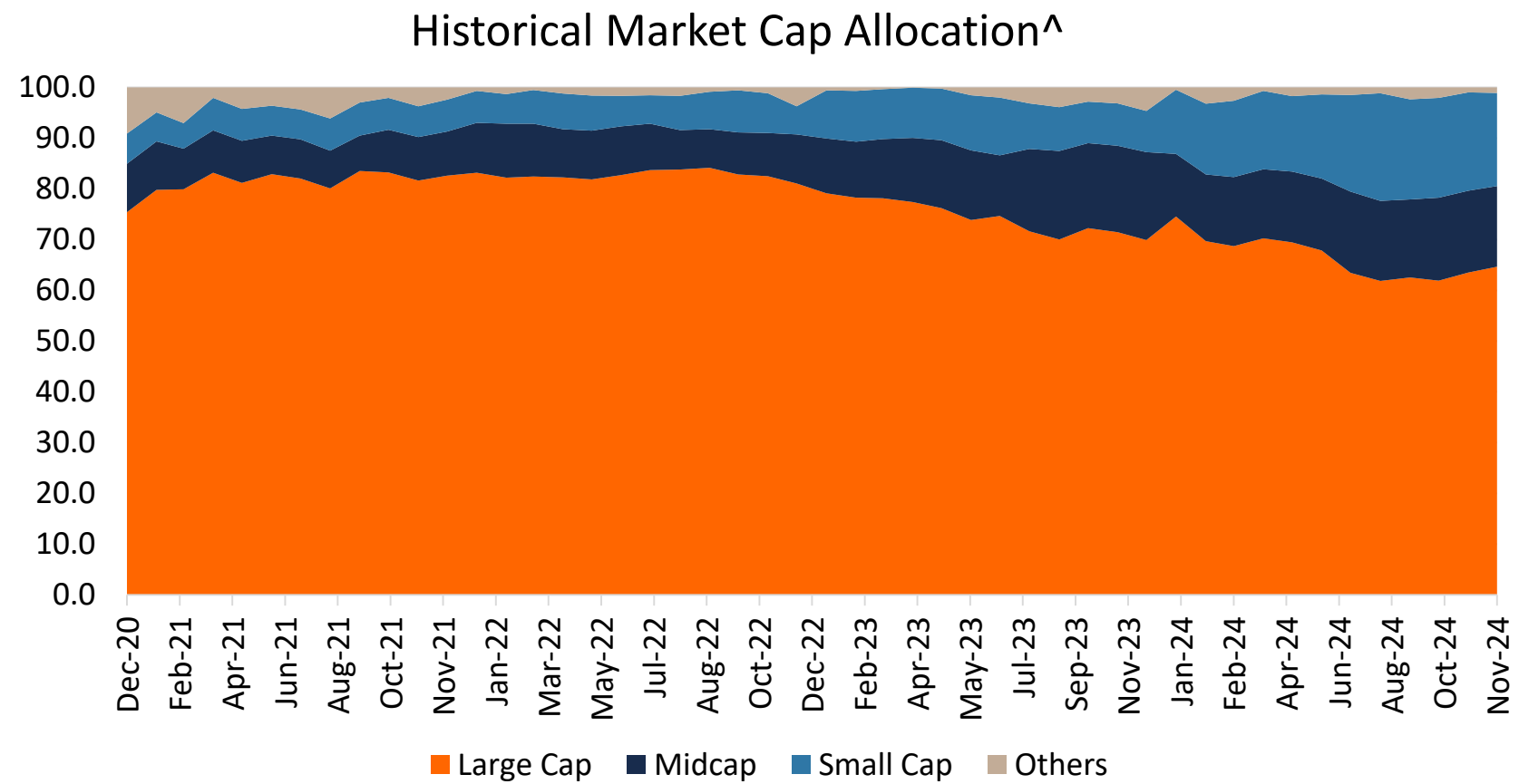
## Net AUM\*



Source: Internal and AceMF, Data as on 30th November 2024. <sup>^</sup>This is the current investment framework which may change in future without prior notice.

\*Pursuant to Clause 2.7 of Part IV of SEBI Master Circular dated June 27, 2024 the universe of "Large Cap" shall consist of top 100 companies, "Mid Cap" shall consist of 101st to 250th company, "Small Cap" shall consist of 251st and onwards companies in terms of full market capitalization.

# Portfolio Attributes



Number of Stocks	30
Top 3 Sector Holdings	93.84%
Top 5 Sector Holdings	99.43%

Portfolio Top 10 Holdings	% Allocation
HDFC Bank Limited	17.40%
ICICI Bank Limited	16.86%
State Bank of India	8.44%
Axis Bank Limited	6.65%
The Federal Bank Limited	5.69%
Bajaj Finance Limited	4.09%
India Shelter Finance Corporation Limited	3.65%
SBI Life Insurance Company Limited	2.69%
Shriram Finance Limited	2.66%
Kotak Mahindra Bank Limited	2.60%
Others	28.70%
Cash	0.57%

Source : AceMF Data as on 30th November 2024. Past performance and Portfolio may or may not be sustained in future.

^ Pursuant to Clause 2.7 of Part IV of SEBI Master Circular dated June 27, 2024. the universe of "Large Cap" shall consist of top 100 companies, "Mid Cap" shall consist of 101st to 250th company,, "Small Cap" shall consist of 251st and onwards companies in terms of full market capitalization. Please visit the website for latest monthly portfolio <https://www.miraeassetmf.co.in/downloads/portfolio>



# Portfolio focused on Quality and Liquidity



<u>Quality Factors</u>	
Parameter	% of NAV
Exposure to Companies with Average ROE > 12% (FY20 to FY24): 5 years	44.38
Exposure to Companies with Average ROE > 12% (FY22 to FY24): 3 years	55.55

<u>Liquidity Analysis</u>		
Days to Exit	% of NAV	Number of Stocks
<3 days	84.09%	22
3-10 days	9.48%	5
>10 days	5.86%	3

## ROE (Return on Equity):

ROE reflects a company's profitability. A higher average ROE indicates that the company has strong sustainable competitive advantage in the sector in which it operates.

# Fund positioning & Fund Manger views on Banking and Financial Services sectors

Sector	Fund Positioning	Views on the sector
Private Banks	UW	UW only because of significant weight in the Benchmark. Fundamentally, we prefer Pvt Banks from a 2-3 years perspective due to better sustained growth and healthy return ratios
PSU Banks	OW	PSU banks have seen significant improvement in profitability (return ratios) along with stronger balance sheet (adequate capital and lower NPAs). Poised likely to deliver strong outcomes over near to medium term
NBFCs	OW	NBFCs may continue to grow much above industry growth on account of improving retail credit penetration especially in semi-urban and rural India where NBFCs have a distribution edge. Formalisation of economy also helping NBFC make better underwriting choices
Insurance	EW	Sector is underpenetrated and has a huge runway for growth over the coming years. With some clarity around a few regulatory issues, expected growth and operational performance likely to remain steady over medium term
Capital market	OW	The sector has done extremely well in the last 6-12 months and the valuations are significantly above long-term average. We may continue to remain selective in this space and maintain a margin of safety given cyclical nature of business

Source: Internal. Data, NSE, Data as on 30th November 2024. UW: Underweight, OW: Overweight, EW: Equal Weight.

These are based on the Fund Manager's outlook and are subject to change. The sector(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the fund may or may not have any future position in these sector(s).

# Scheme Performance



	Returns (%)		
	Fund	Scheme Benchmark*	Additional Benchmark**
Last 1 year	20.83	20.92	20.59
Last 3 years	15.51	12.10	13.28
Since Inception	17.21	14.49	16.24
Value of Rs. 10000 invested (in Rs.) Since Inception	18,794	17,114	18,175
NAV in Rs. (Data as on 30 <sup>th</sup> November 2024)		18.794	
Index Value (Data as on 30 <sup>th</sup> November 2024)		Index Value of Scheme Benchmark is 30,161.6 and Additional Benchmark is 1,23,744.09	
Date of allotment		11 <sup>th</sup> December 2020	

Past Performance may or may not be sustained in future.

Source: Internal and ACEMF, Data as on 30th November 2024

\*Scheme Benchmark – Nifty Financial Services Index (TRI), \*\*Additional Benchmark - BSE Sensex TRI

Note:1. Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regular Plan - Growth Option. 2. Fund manager : Mr. Gaurav Kochar managing the scheme since 11th December, 2020. For computation of since inception returns (%) the allotment NAV has been taken as Rs.10.00.

Returns below or for 1 year are absolute returns, returns above 1 year are CAGR- Compounded Annualized Growth returns. Returns for the benchmark have been calculated using TRI values

# SIP Report Card



	1 Year	3 Years	Since Inception
Total Amount Invested (in Rs)	1,20,000	3,60,000	4,70,000
MKT Value (in Rs.)	1,28,334	4,73,066	6,51,989
Fund Return (%)	13.22	18.60	16.90
Benchmark* Returns (%)	16.74	15.66	14.07
Add. Benchmark** Return (%)	10.69	15.86	15.13

For Further information about performance disclosure of the additional schemes managed by the same fund manager, please visit the below link:

<https://www.miraeassetmf.co.in/docs/default-source/fachsheet/mirae-factsheet-april-2024.pdf>

**Past Performance may or may not be sustained in future.**

The above table shows performance since inception for Mirae Asset Banking And Financial Services Fund

- Regular Plan - Growth Option.

\*Scheme Benchmark – Nifty Financial Services Index (TRI), \*\*Additional Benchmark - BSE Sensex TRI

For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00. The Data as on 30th November 2024

The SIP returns are calculated by XIRR approach assuming investment of Rs 10,000/- on the 1st working day of every month.

For performance in SEBI format, refer to slide 11.

# Disclaimers & Product Labelling

**Statutory Details: Trustee:** Mirae Asset Trustee Company Private Limited; **Investment Manager:** Mirae Asset Investment Managers (India) Private Limited (AMC); **Sponsor:** Mirae Asset Global Investments Company Limited.

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The information contained in this document is compiled from third party and publicly available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance of such information. The AMC, its associate or sponsors or group companies, its Directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications .

**Mutual fund investments are subject to market risks, read all scheme related documents carefully.**

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: [www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

## PRODUCT LABELLING

**Mirae Asset Banking and Financial Services Fund**  
This product is suitable for investors who are seeking\*

- To generate long term capital appreciation
- Investments predominantly in equity and equity related securities of companies in banking and financial services sector in India

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.





**MIRAE ASSET**

Mutual Fund

