



SBI Dividend Yield Fund

**DIVIDEND PAYING COMPANIES
WITH STRONG GROWTH POTENTIAL.
WE LOVE IT!**

NFO Period: 20th February - 6th March 2023

SBI
DIVIDEND YIELD FUND
An open-ended equity scheme investing predominantly
in dividend yielding stocks



This product is suitable for investors who are seeking*:

- Long-term capital appreciation
- Investment predominantly in equity and equity related instruments of dividend yielding companies

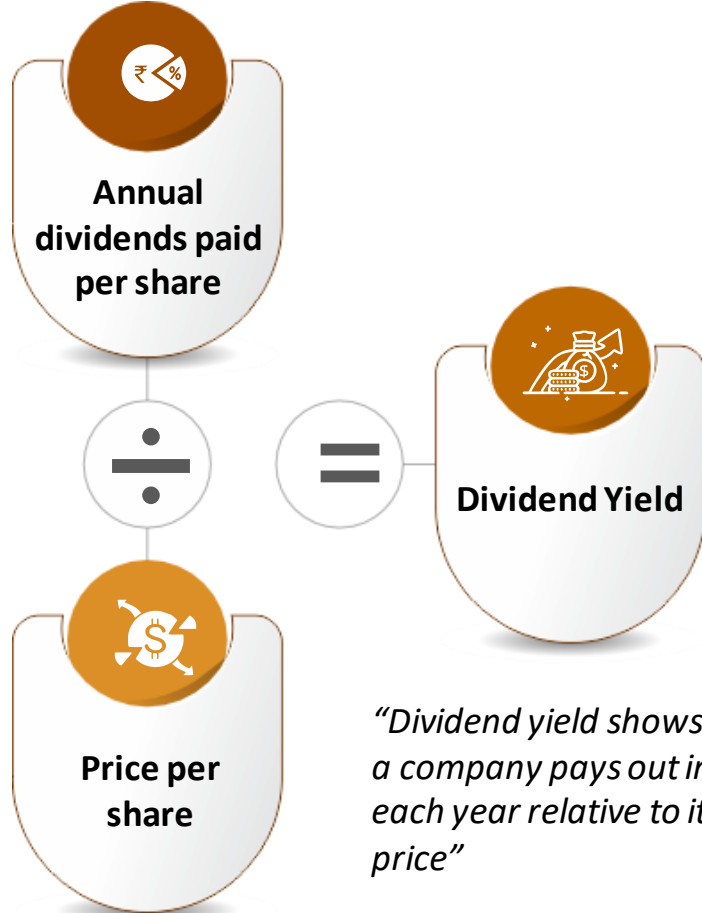
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



UNDERSTANDING DIVIDEND YIELD

DIVIDEND YIELD

Dividend Yield Formula



Example

(Per share)	
Interim Dividend per share	INR 5
Final Dividend per share	INR 25
<hr/>	
Total Dividend per share	INR 30
	÷
Current Market Price per share	INR 600
<hr/>	
Dividend Yield	= 5.0%

KEY ATTRIBUTES OF DIVIDEND YIELD COMPANIES



Relatively more matured businesses with an ability to generate healthy free cashflows



Relatively less prone to downside risk in falling market coupled with capital appreciation prospects in a reviving market

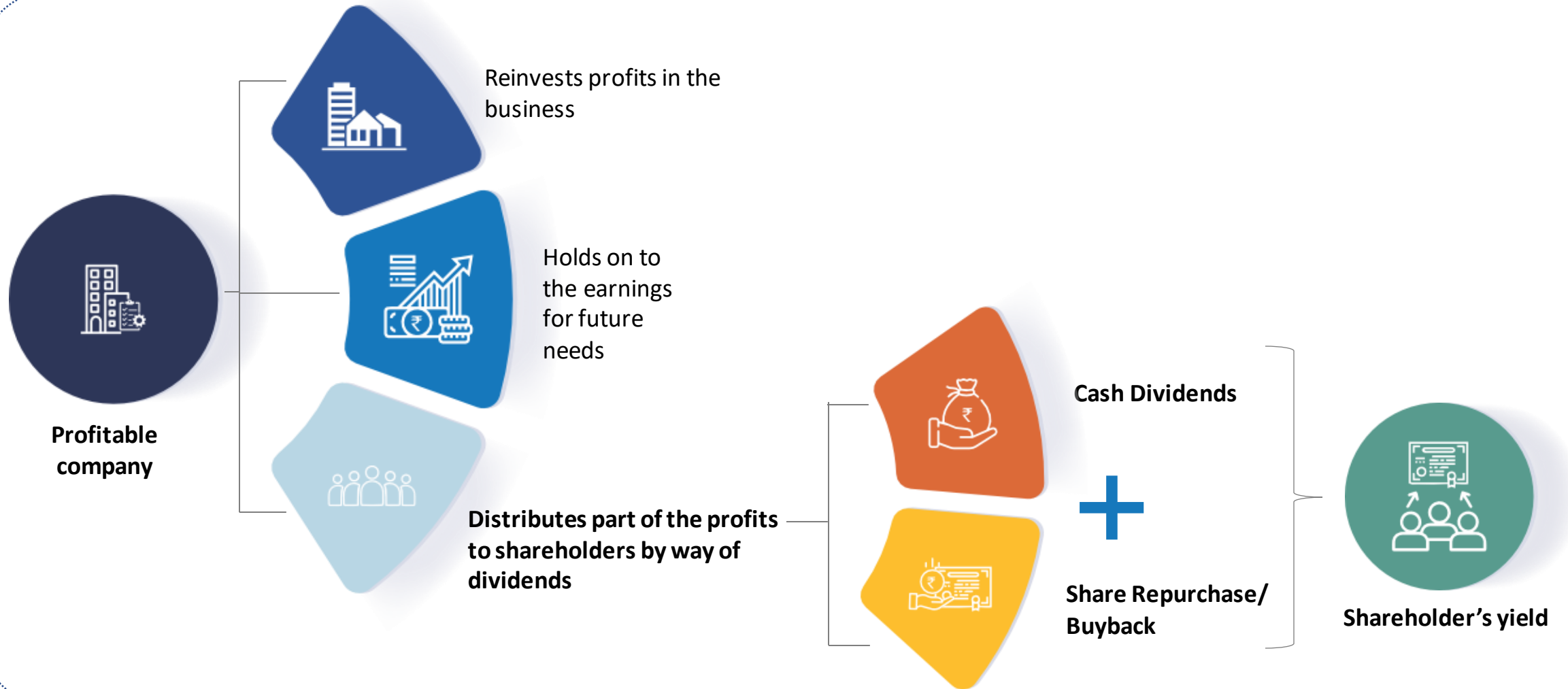


Reflects optimum usage of free cashflows, good operational health & sustainability of future earnings



Consistent dividend payouts & growth or a possibility of likely growth in dividend payouts

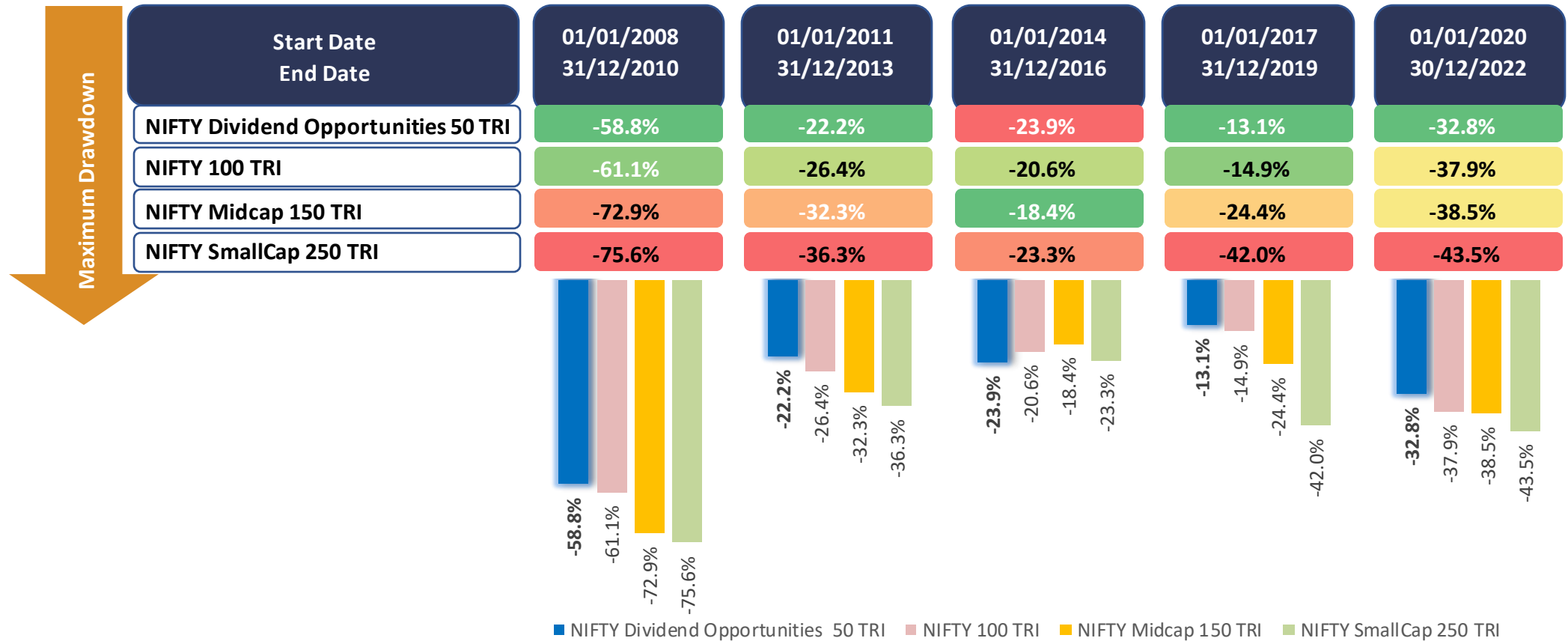
OUR PERSPECTIVE





DIVIDEND YIELD – AN IDEAL CHOICE IN YOUR INVESTMENT PORTFOLIO MIX

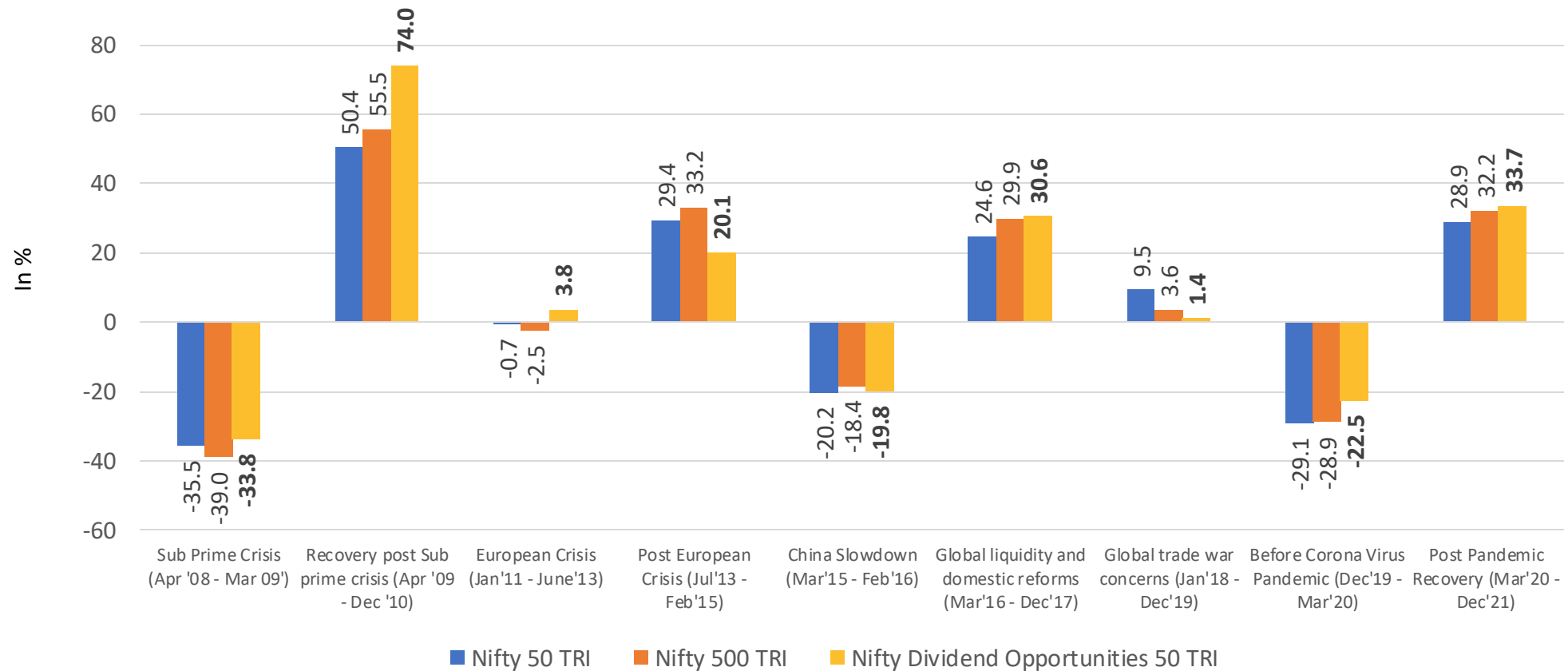
DIVIDEND YIELD COMPANIES – LIMITING DOWNSIDE



High Dividend Yield companies limits downside risk & thus better placed to weather economic downturns

Source: NSE & Internal research. Data as on Dec 30, 2022. A maximum drawdown (MDD) is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained. Maximum drawdown is an indicator of downside risk over a specified time period. Past performance may or may not be sustained in future. TRI – Total Return Index

DIVIDEND YIELD COMPANIES – CAN PLAY OUT UNCERTAINTIES WELL

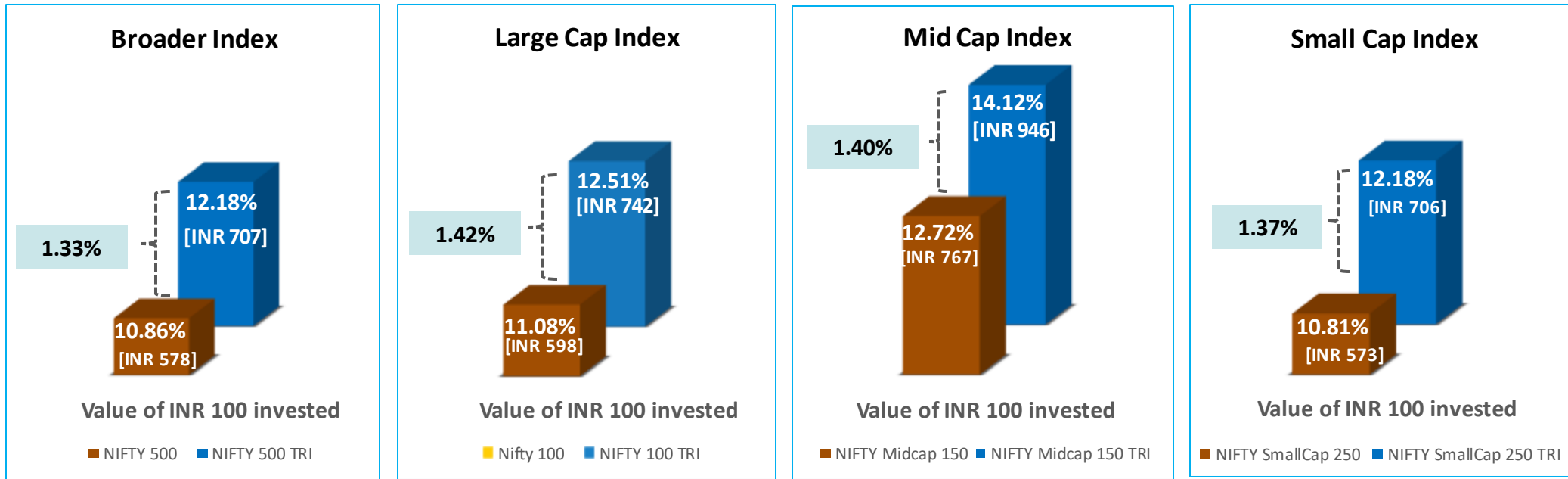


During major market falls, high dividend yield stocks provides cushion against market volatility thus bringing stability to your investment portfolio in comparison to broader markets

Note: MFI Explorer & Internal Research. Past performance may or may not be sustained in future.

COMPOUNDING EFFECT OF DIVIDEND INCOME OVER TIME

Contribution of Dividends to the Total return (Period Jan 2006 – Jan 2023)



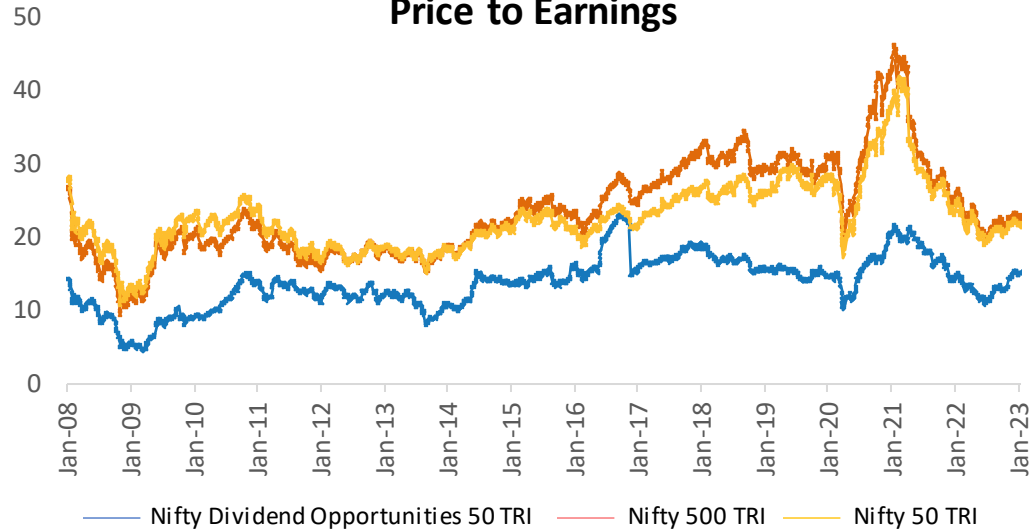
Total Return = Capital Gains + Dividends

Dividends payouts from the constituent stocks forming part of the index contributed meaningfully in the index performance across market cap. Hence, dividends are an important source of Total Return

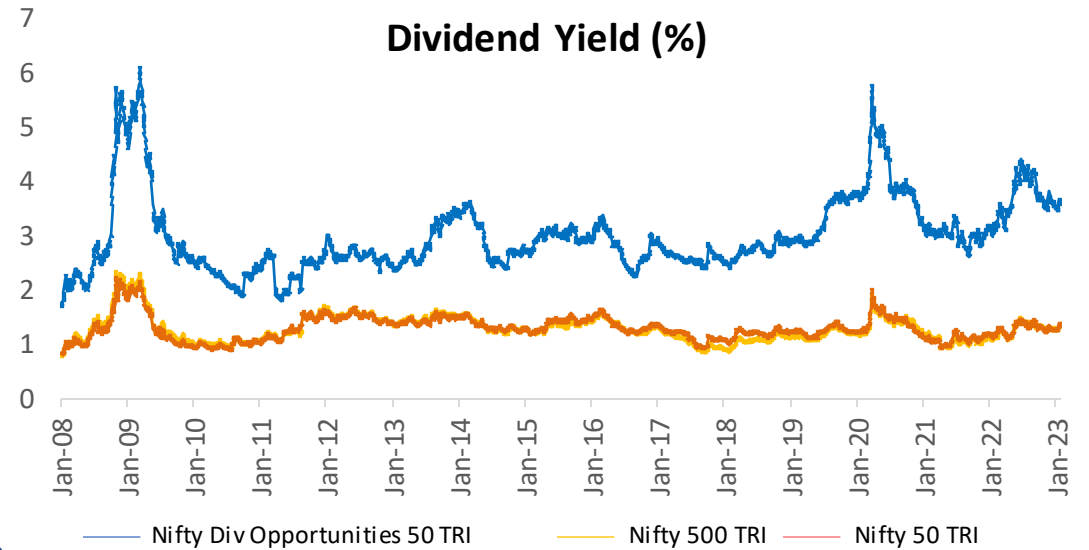
Source: NSE & Internal research. Data as on Jan 31, 2023. Period of Returns computed from 31/01/2006 to 31/01/2023. TRI – Total Return Index. Past performance may or may not be sustained in future.

ATTRACTIVE VALUATIONS + HIGHER DIVIDEND YIELD

Price to Earnings



Dividend Yield (%)



Long Term Average (Jan 2008 – Jan 2023)

P/E

Nifty Dividend Opportunities 50 TRI	13.8
Nifty 500 TRI	23.6
Nifty 50 TRI	22.6

Long Term Average (Jan 2008 – Jan 2023)

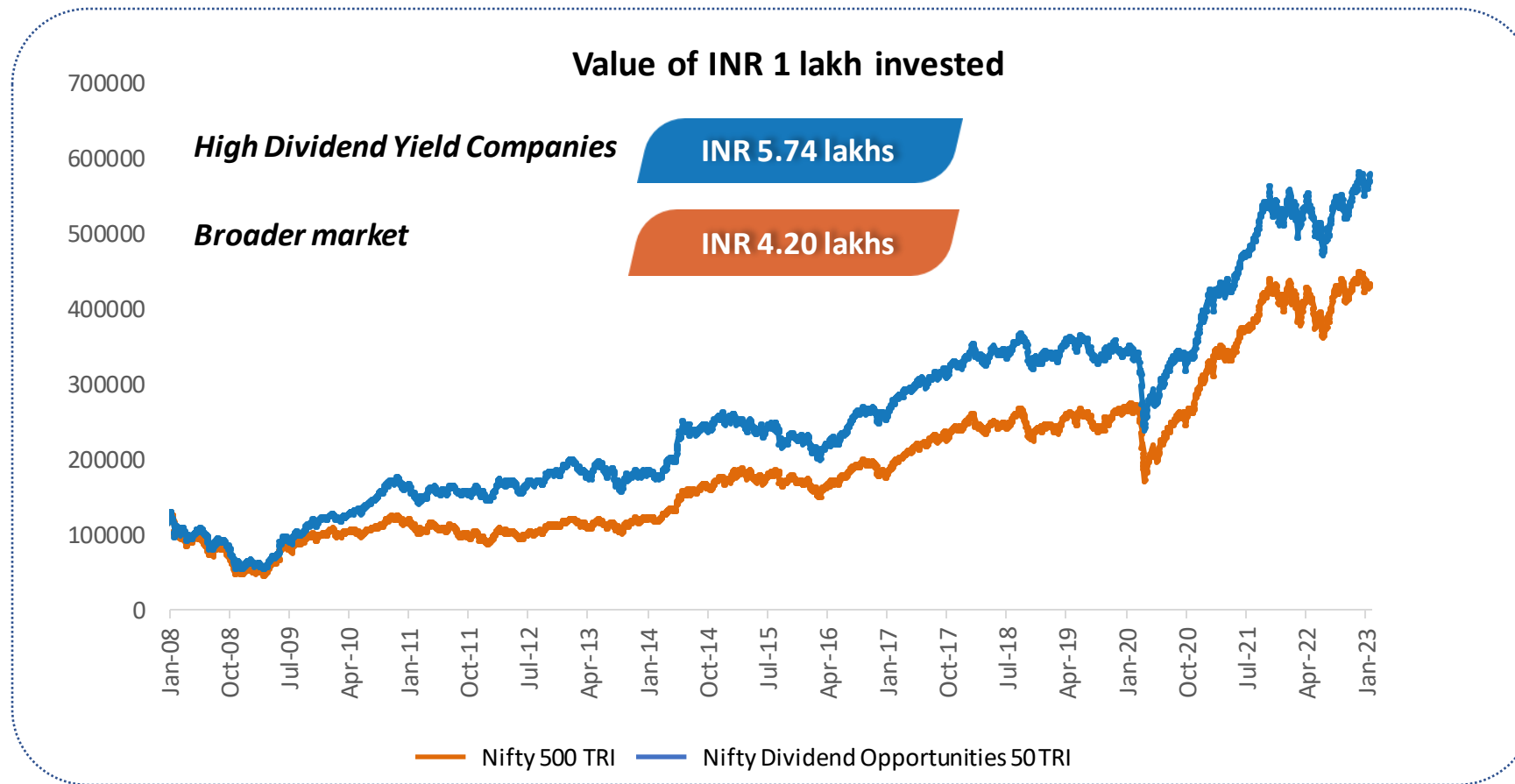
Dividend Yield (%)

Nifty Dividend Opportunities 50 TRI	3.0
Nifty 500 TRI	1.3
Nifty 50 TRI	1.3

High Dividend Yield Companies are generally well placed in terms of valuation coupled with strong fundamentals that may offer a compelling investment opportunity

Source: NSE & Internal research. Data as on Jan 31, 2023. Period of Returns computed from 1/01/2008 to 31/01/2023. TRI – Total Return Index. Past performance may or may not be sustained in future

HIGH DIVIDEND YIELD COMPANIES V/S BROADER MARKET



With the right mix of stocks, dividends can provide cumulative growth as the earnings can be reinvested back into the portfolio or be used to buy additional dividend-paying shares—a sustainable way of investing that becomes even more favorable

Source: NSE & MFI Explorer. Past performance may or may not be sustained in future. Data as on Jan 31, 2023. Date of Investment is considered from Jan 01, 2008 as date of investment i.e. the date when Nifty Dividend Opportunities 50 TRI values are available.

CONSISTENCY OF DIVIDENDS – THE LARGER PICTURE

Optimum cashflows

Increased focus of large investor community towards companies with stable & optimum free cashflows



Common Objective

Dividends are considered to be a common objective of investor fraternity & Corporate managements



Stability + Growth

Dividends reflect sustainable future performance & long-term growth visibility



Corporate Governance

Propensity to pay dividends is well aligned with Improving corporate governance



DIVIDENDS – COMMON BELIEF VIS-À-VIS OUR VIEW

Common belief...

Dividend are attributed to sector specific gigantic companies with cash surplus

Dividend are reflective of companies with negligible growth prospects to deploy excess cash

Dividends represents only large cap oriented stocks

Dividend Investing Is Equivalent to Value Investing

Dividends

Our view...

Dividend companies are sector agnostic & reflect optimum cashflow management

Dividend companies with stable cashflows also have the potential for long-term growth compounding

Strategic/ tactical opportunities amongst consistent dividend paying companies that may exist across the market cap spectrum at different point in time

Dividend yield companies with a potential to grow dividends over time can be growth oriented coupled with an ability to return cash to shareholders

Dividend + Growth



Presenting SBI DIVIDEND YIELD FUND

[An open-ended equity scheme investing predominantly in dividend yielding stocks]

BROAD PORTFOLIO CONSTRUCT

- Other stocks in the universe
- Invest in Debt & money market securities
- Units of REITS & InvITs
- Overseas Securities

0% - 35%*

65% - 100%*

- Endeavour to invest predominantly in a well-diversified portfolio of equity and equity related instruments of dividend yielding companies
- The Scheme will consider dividend yielding stocks which have paid dividend/buyback in at least 1 of the 3 preceding FY

- The overall endeavour is to construct a portfolio with aggregate dividend yield that is at least 50% higher than that of the Nifty 50 Index.

*The above image is for representation purpose only. Portfolio will be managed as per the stated Investment Objective & Strategy as detailed in SID. For detailed asset allocation & Investment Strategy, please refer Scheme Information Document.

CURRENT PORTFOLIO APPROACH

Diversified allocation across market capitalization



Businesses with attractive dividend yields +
Companies with potential growth in dividends



Style Agnostic as it may be the
outcome of stock selection



Tactical investment opportunities in
domestic and overseas markets



No sector bias, sector allocation
resultant of bottom up stock picking



Aim to achieve aggregate dividend
yield that is at least 50% higher
than that of the Nifty 50 Index



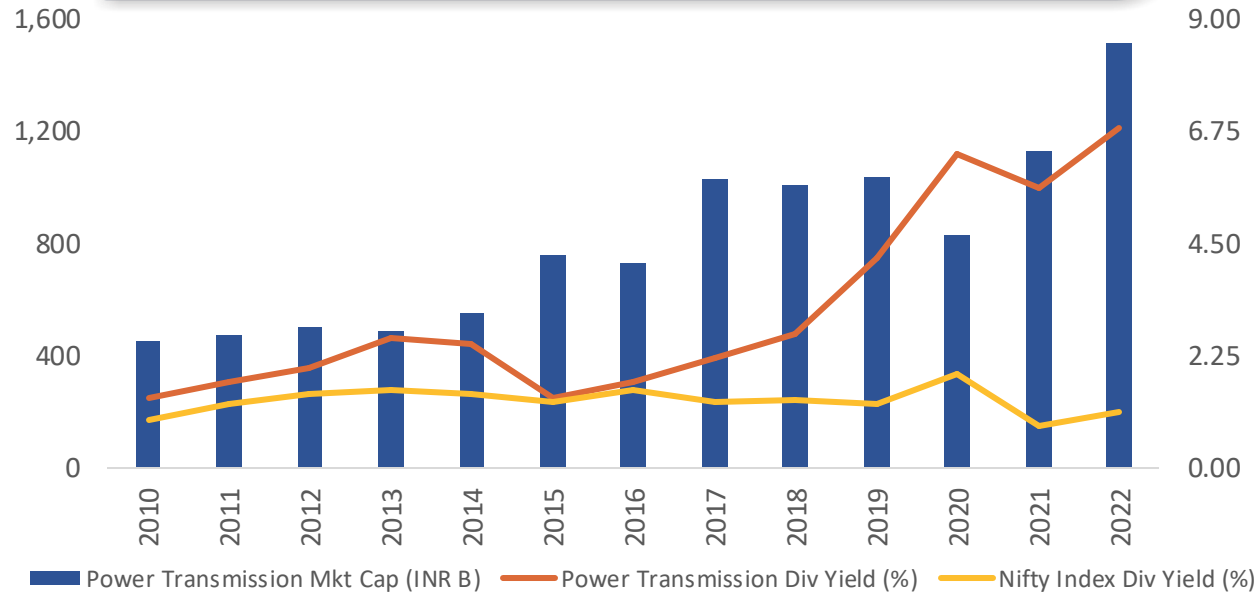
DIVIDEND YIELD PORTFOLIO

The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the Scheme. For detailed asset allocation and other scheme features, please refer to the Scheme Information Document (SID).

APPROACH 1: HIGH DIVIDEND YIELD

Illustration: Companies with attractive dividend yields

Power Transmission company with attractive dividend yield



FY	Market Cap (INR in Billion)	Dividend payouts (INR in Billion)
2010	451	6.3
2011	472	8.1
2012	501	9.8
2013	490	12.7
2014	549	13.5
2015	760	10.5
2016	728	12.1
2017	1,032	22.8
2018	1,011	27.5
2019	1,035	43.6
2020	832	52.3
2021	1,128	62.8
2022	1,512	102.9

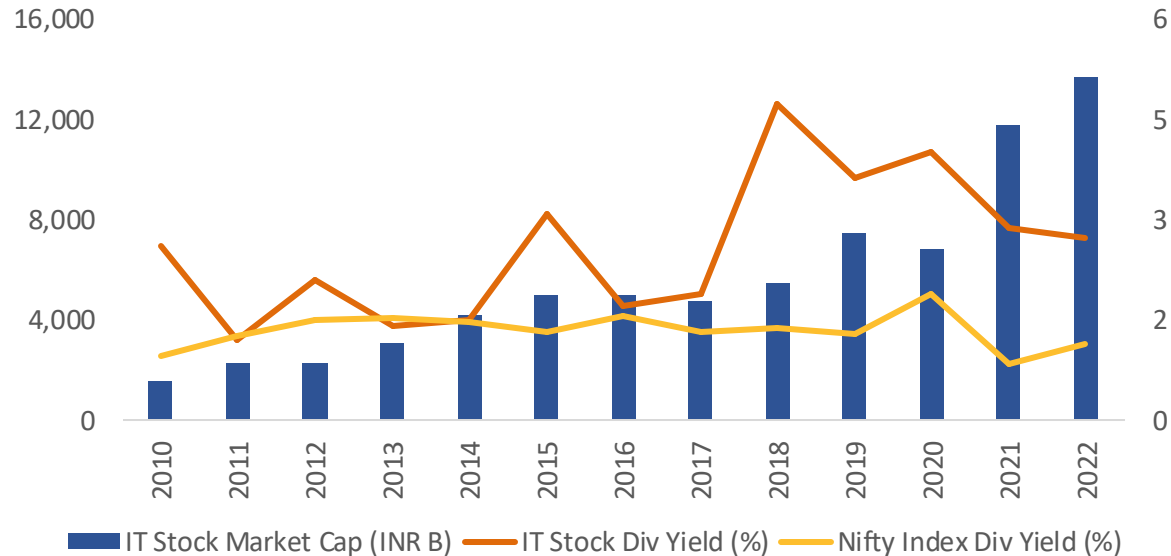
- As the business matured, the company increased dividend payouts from FY19 onwards.
- With higher dividends, it became a classic utility stock which investors buy mainly for dividend yields.
- Greater visibility of dividends and capital allocation aided stock performance.
- Additional kicker came from monetization of assets via INVIT.

Source: Bloomberg & Company Annual Reports. The above is for illustration purposes only to give an idea about the investment philosophy.. 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. Past performance may or may not be sustained in future

APPROACH 2: DIVIDEND GROWTH

Illustration : Potential Growth In Dividends


IT Company paying Consistent Dividend & poised for growth in dividends per share



FY	Market Cap (INR in Billion)	Dividend payouts (INR in Billion)
2010	1,528	39.1
2011	2,317	27.4
2012	2,288	48.9
2013	3,084	43.1
2014	4,178	62.7
2015	5,002	154.7
2016	4,966	85.7
2017	4,792	92.6
2018	5,454	255.5
2019	7,511	272.5
2020	6,852	273.8
2021	11,755	337.9
2022	13,685	379.3

- Strong track record of dividend payout and dividend growth backed by consistently growing revenues and earnings, cash flow generation and healthy dividend payout ratios.
- Company has done buybacks over and above dividends, enhancing shareholder's yield further and aiding EPS growth.
- Dividends (including buybacks) have grown at CAGR of >12% over 5 years and 10 years ending March 2022.
- Stock has been a strong compounder over the long term.

Source: Bloomberg & Company Annual Reports. The above is for illustration purposes only to give an idea about the investment philosophy.. 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. Past performance may or may not be sustained in future



HOW CAN YOU GET REGULAR TAX EFFICIENT CASH FLOWS?

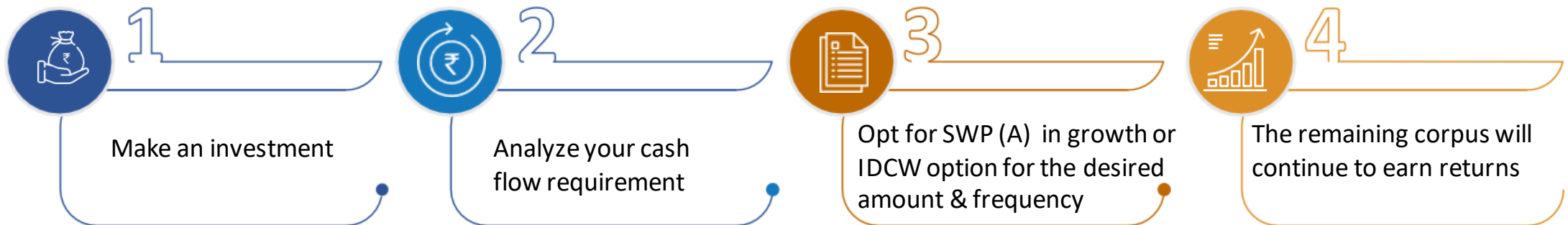
SWP (A) FOR REGULAR CASH FLOW REQUIREMENTS (1/2)

We talked about Investments, but what about the Withdrawal plan?

Need

We make investments to plan for a better future. But all of us have the need for **regular cash flow**. **Systematic Withdrawal Plan (SWP)** is a **ready-made tool** to get regular cash flows in a **very simple** and **tax-efficient** manner.

How does it work



SWP (A) FOR REGULAR CASH FLOW REQUIREMENTS (2/2)

Benefits



Confidence

SWPs provide the confidence of getting a fixed amount at a pre-determined frequency.



Wealth Creation

Long term wealth creation opportunity along with regular and steady cash flow.



Tax efficient

Tax efficient option as compared to traditional withdrawal plans (Dividend, MIP etc).



Indexation

Indexation benefit on LTCG for non-equity fund.



Flexibility

Allows the investor to change the withdrawal amount and frequency of withdrawal of any time.



Smooth & transparent process

The entire process is hassle-free and transparent.

(Monthly)
0.5%

(Quarterly)
1.5%

(Half Yearly)
3%

(Yearly)
6%

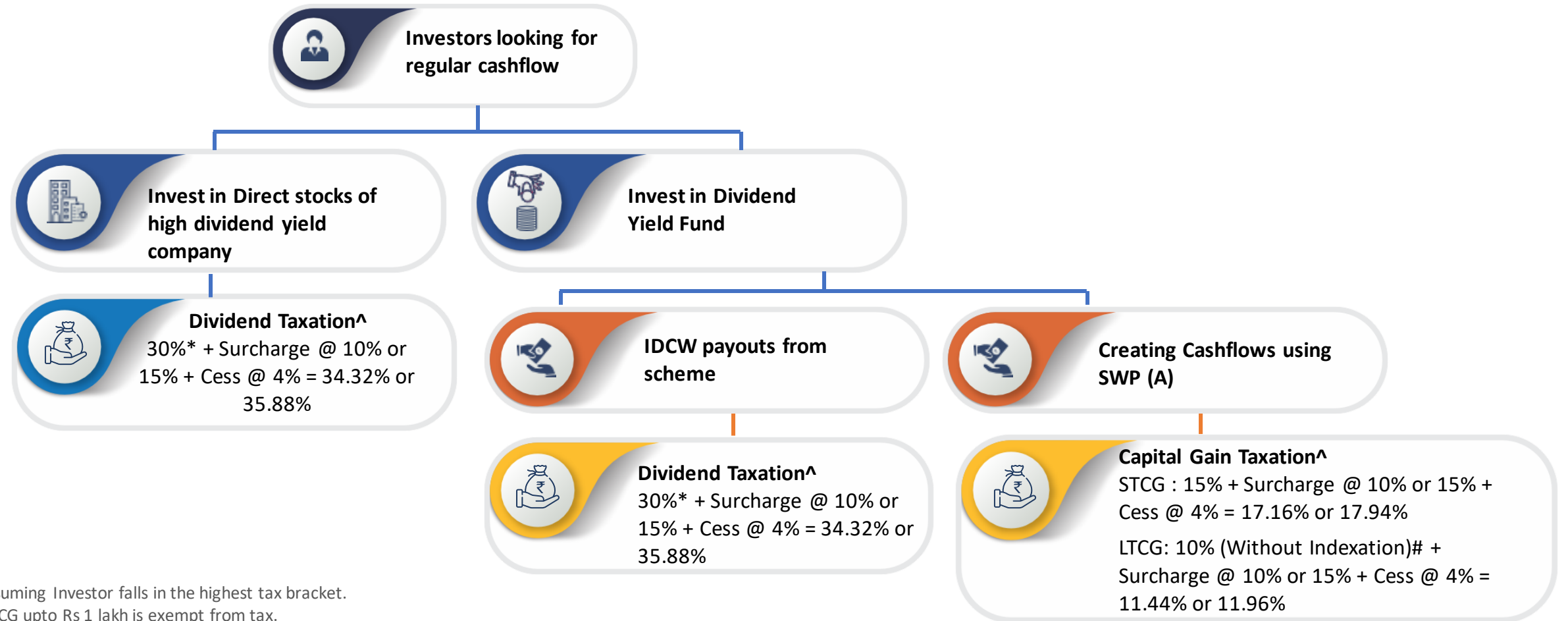
Any amount > Rs. 500
(Monthly / Quarterly / Half Yearly /
Yearly)

Under SWP (A) facility, investors will have the option to withdraw **fixed** % of the cost of investment or any specified **amount** to meet their regular cashflow needs at various frequencies.

Multiple options

Applicable months for different frequency: Monthly – All months; Quarterly - December, March, June, September; Half yearly – March & September; Yearly – March; Any amount – Applicable months as per chosen frequency

TAX EFFICIENCY OF SWP (A) SCORES OVER DIVIDENDS



*Assuming Investor falls in the highest tax bracket.
LTCG upto Rs 1 lakh is exempt from tax.

Surcharge to be levied at: • 37% on base tax where **specified income** exceeds Rs. 5 crore; • 25% where **specified income** exceeds Rs. 2 crore but does not exceed Rs. 5 crore; • 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and • 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore. [^]Enhanced surcharge of 25% and 37% will not apply in case of income by way of dividend or capital gains on securities covered u/s. 111A & 112A. Specified income – Total income excluding income by way of dividend or income under the provisions of section 111A and 112A of the Act. IDCW- Income Distribution cum Withdrawal

ILLUSTRATION: TAX EFFICIENCY



Illustration: Assume an investor invests INR 10 lakhs in SBI Dividend Yield Fund & Direct Stocks

Alternatives available with an investor for regular cashflows

- 1) Choose for SWP(A) option from the SBI Dividend Yield Fund @ 6% p.a of the cost of investment
- 2) Chase expected dividends from the portfolio of stocks @ 6% p.a dividend yield

Alternative 1 : SWP(A)				Alternative 2 : Dividends		
Years	SWP(A) @ 6% cost of investment	Tax	Net cashflows	Dividends @ 6% yield	Tax	Net cashflows
Year 1	60,000	652	59,348	60,000	21,528	38,472
Year 2	60,000	1,245	58,755	60,000	21,528	38,472
Year 3	60,000	1,785	58,215	60,000	21,528	38,472
Year 4	60,000	2,275	57,725	60,000	21,528	38,472
Year 5	60,000	2,720	57,280	60,000	21,528	38,472
Total	300,000	8,677	291,323	300,000	107,640	192,360

Tax Outflow as a %
of Cashflows

2.89%

35.88%

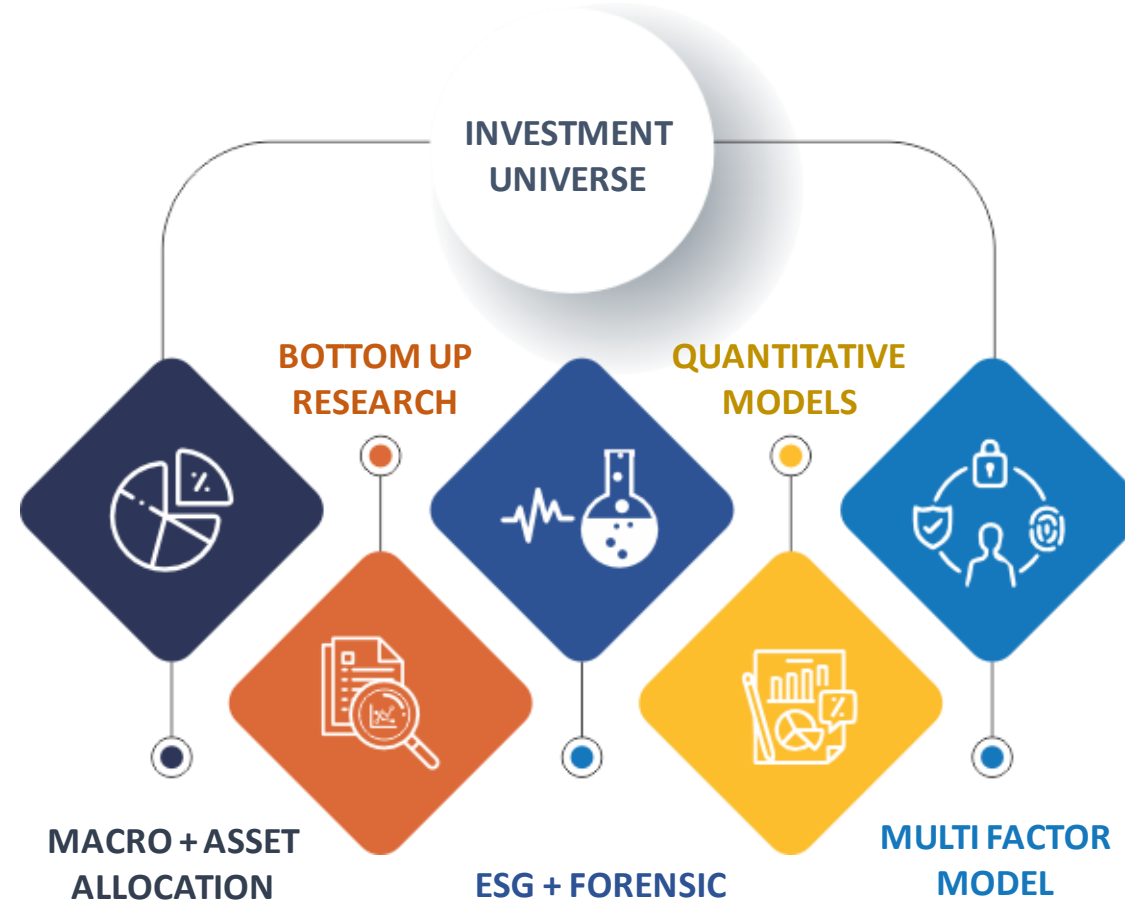
With the use of SWP(A) feature in the SBI Dividend Yield Fund, an investor can have tax efficient higher cashflows relative to dividends from direct stocks

The above table is only for illustration purpose and shall not be construed as tax advice or investment advice in any manner. Exit Load if any has not been assumed in the computation. Investors are hereby advised to consult a Financial Advisor or a Tax Consultant before making investment decisions. Dividends are taxed at 30% (assuming income falls in the highest slab), short term capital gains at 15%, and long term capital gains at 10%. Tax rate further includes Surcharge at 15% and Cess @4%. Rate of return for SBI Dividend Yield fund is assumed to be 10% p.a. Returns assumption is strictly for illustrative purpose only and does not indicate any return guarantee.



INVESTMENT PROCESS & FRAMEWORK

OUR INVESTMENT ETHOS



As The Core Of Our Investment Process, Each Stock In Our Investible Universe Goes Through A Rigorous Multi Step Analysis

Portfolio will be managed as per the stated Investment Objective, Investment Strategy etc. as detailed in SID. For details, please refer Scheme Information Document available on <https://www.sbimf.com/>.

ESG INVESTMENT PROCESS

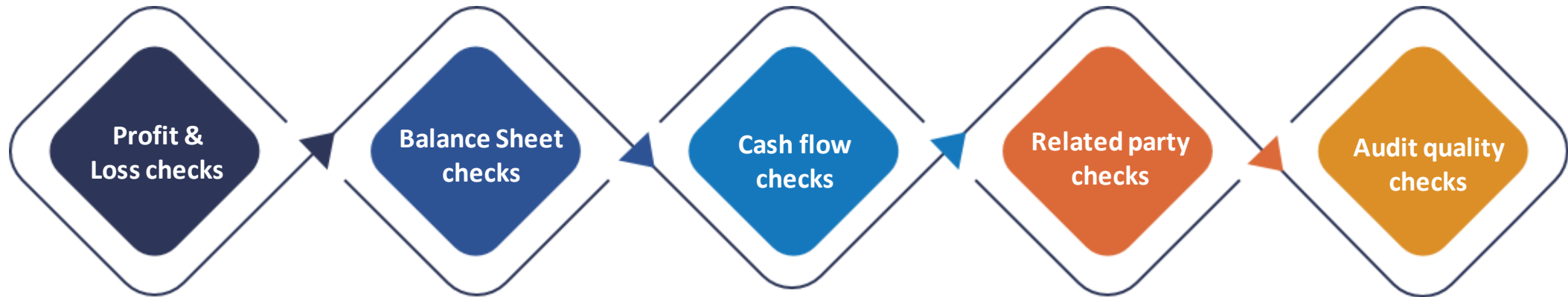
ESG Portfolio Construction



FORENSIC ACCOUNTING FRAMEWORK

Objective: Are published accounts a true reflection of actual business performance?

Process: Listed companies graded into quartiles



Purpose

Aggressive accounting of P&L items.

Is Balance sheet misstated?

Are cashflows consistent with other statements like P&L and Balance Sheet?

Extent of related party transactions on P&L and Balance Sheet

Quality of Auditor and Audit process

Examples

Revenue recognition, expense recognition, non-core profit recognition etc

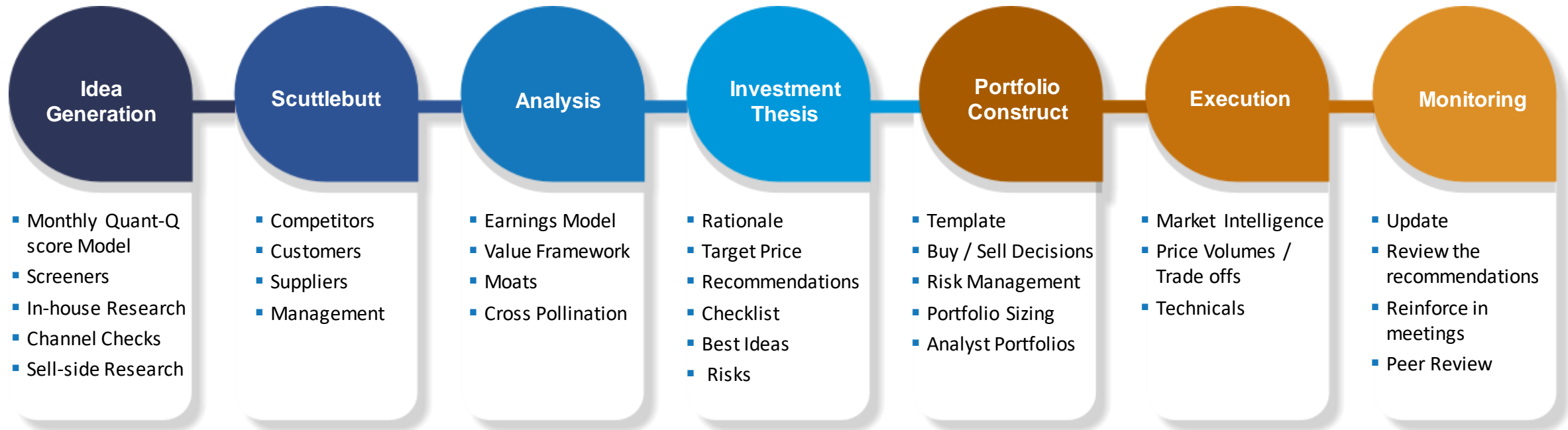
Cash balance misstatement, off-balance sheet risk, working capital position etc

Gold plating on capital expenditure, cashflow vs corresponding P&L entries etc

Loans and advances, receivables, sales and purchases

Audit independence, audit qualifications, quality of auditor etc

ROBUST 7-LAYERED INVESTMENT PROCESS



Portfolio will be managed as per the stated Investment Objective & Strategy as detailed in SID. For detailed Investment Strategy, please refer Scheme Information Document of the respective schemes



PRODUCT SUITABILITY & 5 REASONS WHY...

SUITABLE FOR...

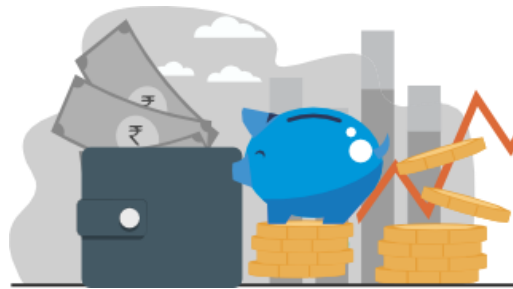
Millennials & First time Investors

Investor looking for potential long term wealth Creation (>4 years), wanting to have exposure to relatively strong businesses



Direct equity investors

Investor seeking a diversified portfolio with investments in high dividend yielding stocks based on research expertise



Long Term Investors

Long term investors aiming to build wealth to meet their long term financial goals with a potentially better risk return trade off.



Tax Efficiency in cashflows

One stop solution that offers tax efficient SWP facility to meet regular cashflows unlike dividends from individual stocks



5 REASONS WHY SBI DIVIDEND YIELD FUND



Active Stock Management with Bottom- up strategy

Unconstrained, sector & market cap agnostic approach

Well researched Consistent high dividend yield / potential growth in dividends

Style Agnostic with broader opportunity set for stock selection

Strong pedigree of Investment Expertise across market cap

FUND FACTS

Name



SBI Dividend Yield Fund

An open ended equity scheme investing predominantly in dividend yielding stocks.

Category



Dividend Yield

Fund Manager[&]



Mr. Rohit Shimpi

First Tier Benchmark Index



NIFTY 500 TRI

Minimum Application[^]



Rs. 5000/- and in multiples of Re. 1 thereafter

Minimum Monthly SIP^{*}



Minimum Rs 500 & in multiples of Re. 1

Exit Load

- NIL - If units purchased or switched in from another scheme of the Fund are redeemed or switched out upto 10% of the units (the limit) purchased or switched on or before 1 year from the date of allotment.
- 1% of the applicable NAV - If units purchased or switched in from another scheme of the Fund are redeemed or switched out in excess of the limit 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. Mohit Jain is the dedicated fund manager for overseas securities. [^]Additional Purchase: Rs. 1000 and in multiples of Re.1 thereafter. ^{*}For detailed minimum amount of SIP across frequencies & number of installments, please refer to SID/KIM.

WHY SBIFML

Trusted by over 10 million Investors

Managing assets for over 35 years

Signatory of UNPRI & CFA Asset Manager Code of Conduct

Servicing investors across ~99% pin codes of the country.

Investment team of ~65 members with an average experience of 15 years of the country

An array of digital tools for ease of transaction



SBI FUNDS
MANAGEMENT LIMITED

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.