Get the Power of Equity and Debt with
SBI DUAL ADVANTAGE FUND - SERIES XIX

NFO PERIOD: February 06 - February 20, 2017

Product Labeling
This product is suitable for investors who are seeking*

- Income and capital appreciation
- Investment primarily in Debt and Money Market Instruments for regular returns & Equity and equity related instruments for capital appreciation.

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

- Characteristics of Equity & Debt
- Investor Requirement
- Hybrid Funds – Benefit from Dual Advantage
- SBI Dual Advantage Fund – Series XIX
- Disclaimer
Characteristics of Equity & Debt
Characteristics of Equity & Debt

CRISIL Composite Bond Fund Index (CCBFI) Vs BSE Sensex

Crisil composite bond fund index has delivered almost similar returns in various time period.

CAGR Returns during different market phases

- Jan'04 - Dec'07: 4%
- Jan'08 - Mar'09: 7%
- Dec'10 - Dec'13: 7%
- Jan'04 - Dec'16: 7%

Sensex has relatively given high volatile returns during the period as illustrated above.

CAGR Returns during different market phases

- Jan'04 - Dec'07: 37%
- Jan'08 - Mar'09: -45%
- Dec'10 - Dec'13: 1%
- Jan'04 - Dec'16: 12%

Under the different market phases & different investment horizon, debt asset class has given relatively stable return, which has added stability to investors net asset value.

- But pure debt portfolio returns might not beat inflation.
- It is important to add a portion of equity to your debt portfolio to improve the performance over longer holding period.

Source: BSE and MFI Explorer

Past performance may or may not be sustained in the future.

SBI FUNDS MANAGEMENT PRIVATE LIMITED (A joint venture between SBI & AMUNDI)
Volatility of Debt asset class is relatively low, in different market phases & different investment horizon. But low volatility comes with low returns.

Crisil composite bond fund index is relatively less volatile than BSE Sensex. BSE Sensex Index has been highly volatile with maximum in the period of Jan 08 - Mar 09.

- Volatility of Debt asset class is relatively low, in different market phases & different investment horizon.
- But low volatility comes with low returns.

Source: BSE and MFI Explorer.

Past performance may or may not be sustained in the future.
Crisil composite bond fund index has delivered consistent returns in last 1, 3 and 5 year.

BSE Sensex has given volatile returns in last 1, 3 and 5 year.

- Equity returns are volatile. There are periods of up-markets and down markets.
- Debt returns are relatively less volatile and stable over long investment periods.
- A hybrid portfolio of debt and equity gets stability from its debt component and growth opportunities from its equity component.

Past performance may or may not be sustained in the future.

Source: BSE and MFI Explorer, Data as on 31st December 2016.
So investors faces a difficult task to choose between:

- Debt asset class which comes with relatively stable return & low volatility but might not beat inflation
- Equity asset class which can build wealth for investors but comes with high volatility

The key is an efficient asset allocation between debt & equity asset classes.
Indian Investor: Investment Pattern

Risk averse investors

- Most of the investible surplus goes into bank and post office deposits
- Prefers to “Play Safe” and invest in debt instruments
- Still aspires for higher returns

Reasons for such paradox

- Equity market – volatile, high risk - high returns trade off
- Access to debt papers is limited
- Corporate debt – inflation leading to volatility in interest rates

Investors are willing to invest into equity markets but not at risk of high volatility
Investors Requirement: Low volatility investment solution

- A product that can captures the best of both the "worlds"
- Optimizing returns with low volatility
Hybrid Funds – Benefit from Dual Advantage
• The volatility of the hybrid portfolio depends on the exposure to equity component.
• In falling markets, a hybrid portfolio with 15% equity outperforms a hybrid portfolio with 25% equity portfolio and 35% equity.
• In rising markets, a hybrid portfolio with 15% equity underperforms a hybrid portfolio with 25% equity portfolio and 35% equity.

Source: BSE and MFI Explorer
CCBFI= Crisil Composite Bond Fund Index
Customize Portfolio Performance in the time period mentioned above

Past performance may or may not be sustained in the future.
Irrespective of different equity market phases & different investment horizon, the equity part in the portfolio increases the volatility of the portfolio.

A hybrid portfolio with 15% equity is less volatile than hybrid portfolios with 25% equity and 35% equity.

Source: BSE and AMFI, Data as on 31st December 2016
CCBFI= Crisil Composite Bond Fund Index
Customize Portfolio Performance in the time period mentioned above.

Past performance may or may not be sustained in the future.
Above chart is illustrated to show tax efficiency, taking into consideration capital gains under different equity market scenario and present taxation laws. Investors should consult their financial/tax advisor before taking any decision on investment.

Yield on fixed income portion has been assumed at 7.00%. Total expense ratio (TER) has not been considered in above calculation.

Past performance may or may not be sustained in the future.
DUAL ADVANTAGE FUND – SERIES XIX
A Close-ended Hybrid Scheme

Product Labeling

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Riskometer

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Investment Objective

The primary investment objective of the scheme is to generate income by investing in a portfolio of fixed income securities maturing on or before the maturity of the scheme. The secondary objective is to generate capital appreciation by investing a portion of the scheme corpus in Equity and equity related instruments.

However, there can be no assurance that the investment objective of the Scheme will be realized.

Asset Allocation

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Indicative Allocation (% of total asset)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt and debt related instruments*</td>
<td>55% - 95%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Money market instruments</td>
<td>0% - 10%</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Equity and equity related instruments including derivatives</td>
<td>5% - 35%</td>
<td>High</td>
</tr>
</tbody>
</table>

* Exposure to domestic securitized debt may be to the extent of 40% of the net assets. The Scheme shall not invest in ADR/ GDR/ foreign securities / foreign securitized debt.

$ Exposure to derivatives may be to the extent of 30% of the net assets. The Scheme shall invest in repo including repo in corporate debt.

The scheme may engage in stock lending.

The scheme shall not engage in short selling.

The cumulative gross exposure through equity, debt and derivative position will not exceed 100% of the net assets of the scheme.
Investment strategy

**Fixed Income / Debt Investments:**
- Investments in securities maturing on or before the date of the maturity of the Scheme
- Buy & hold strategy
- Flexibility to invest in the entire range of debt instruments
- Investment in AA or above rated securities only
- Targeted investment between 80%-95%

**Equity & Equity related instruments:**
- Invest in diversified portfolio of Equities & Equity Related instruments
- Mix of bottom-up & top-down approach for stock-picking
- Active management
- Primarily focus on companies that have demonstrated characteristics such as market leadership, strong financials and quality management
- Targeted investment between 5%-20%
Fund Features

- Tenure – 1150 days from the date of allotment
- Fund Manager - Mr. Rajeev Radhakrishnan shall manage debt portion
  - Mr. Ruchit Mehta shall manage equity portion
- Minimum investment: Rs. 5000 and in multiples of Re. 1 thereafter.
- Plans/ Options: Plans - Direct Plan & Regular Plan.
  - Both plans have Growth and Dividend option.
  - Dividend option have the facility of Pay out & Transfer.
- NAV to be disclosed on every calendar day
- Liquidity – Only at maturity, however scheme is proposed to be listed on NSE Ltd.
- No SIP, STP, SWP facility
- Cheque/Demand Draft to be drawn in favor of “SBI Dual Advantage Fund – Series XIX”
- Load Structure:
  - Entry Load – N.A.
  - Exit Load – No exit load on maturity of the scheme
Why invest in SBI Dual Advantage Fund?

**Quality Debt Portfolio**

High quality debt securities to minimize credit risk & matching maturity reduces interest rate risk. Investment in AA & above rated securities only.

**Growth Potential**

Primarily focus on companies that have demonstrated characteristics such as market leadership, strong financials and quality management. Equity portion will be actively managed.

**Tax efficiency**

Avail indexation benefits & thereby potential tax efficient returns (as per current tax laws)
Target Investor

- Investors with moderate risk profile
- High net worth individuals
- First time mutual fund investors who would like to enjoy the debt returns with an additional equity upside
- All investor who invests significant part of their saving in relatively “safe instruments”
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. 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 Private Limited, 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.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.
Thank you