

NFO Period

14-Feb-25 to 28-Feb-25

DSP Nifty Private Bank Index Fund

Concentrating on Banking

An open-ended scheme replicating / tracking Nifty Private Bank Index

DSP
MUTUAL FUND



Why DSP Nifty Private Bank Index Fund?

Nifty Private Bank Index – Portfolio

HDFC Bank	20.7%	IndusInd Bank	6.2%
ICICI Bank	20.6%	Federal Bank	4.8%
Kotak Mahindra Bank	20.6%	IDFC First Bank	3.8%
Axis Bank	19.9%	Bandhan Bank	1.3%
		City Union Bank	1.2%
		RBL Bank	0.9%



Concentrated Approach

The four largest private banks are 80% of the index



Tax-Efficient

Unlike direct investing, a mutual fund does not incur capital gains tax on rebalancing or on receipt of dividends

Concentration Of Larger Banks – A Feature, Not A Flaw

Large banks tend to become larger – Global Evidence

Private Banks	Country	Rank (Domestic) Based on Assets		
		Current	10 Year Prior	20 Year Prior
JPMORGAN CHASE & CO	United States	1	1	2
BANK OF AMERICA CORP	United States	2	2	3
HSBC HOLDINGS	United Kingdom	1	1	1
BNP PARIBAS	France	1	1	2
MITSUBISHI UFJ FINANCIAL GROUP	Japan	1	1	2
CITIGROUP INC	United States	3	3	1
SUMITOMO MITSUI FINANCIAL GROUP	Japan	2	3	3
BANCO SANTANDER	Spain	1	1	1
WELLS FARGO	United States	4	4	5
MIZUHO FINANCIAL GROUP	Japan	3	2	1
BARCLAYS	United Kingdom	2	2	3
SOCIETE GENERALE	France	3	3	3

Size matters in the banking sector.

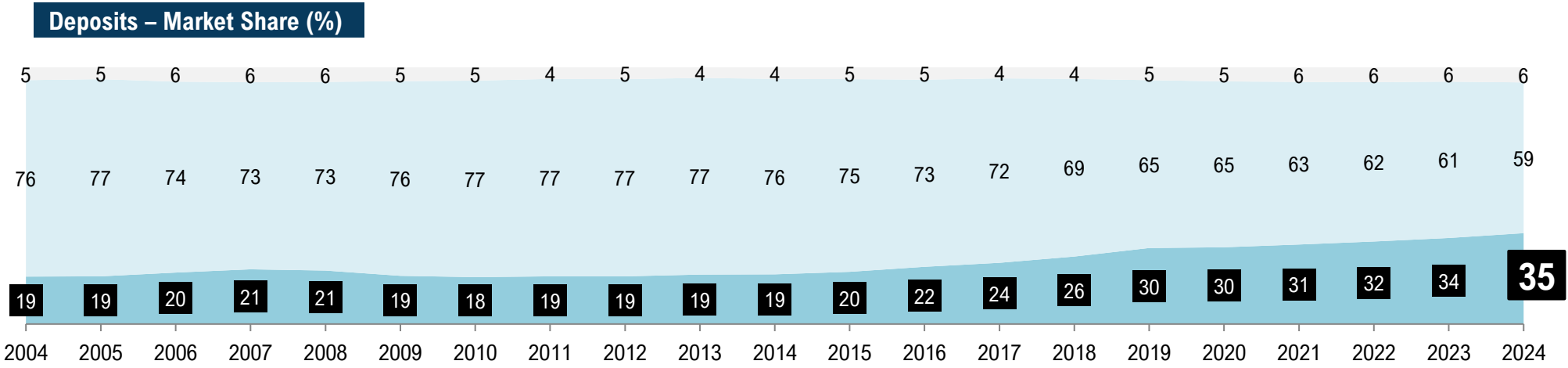
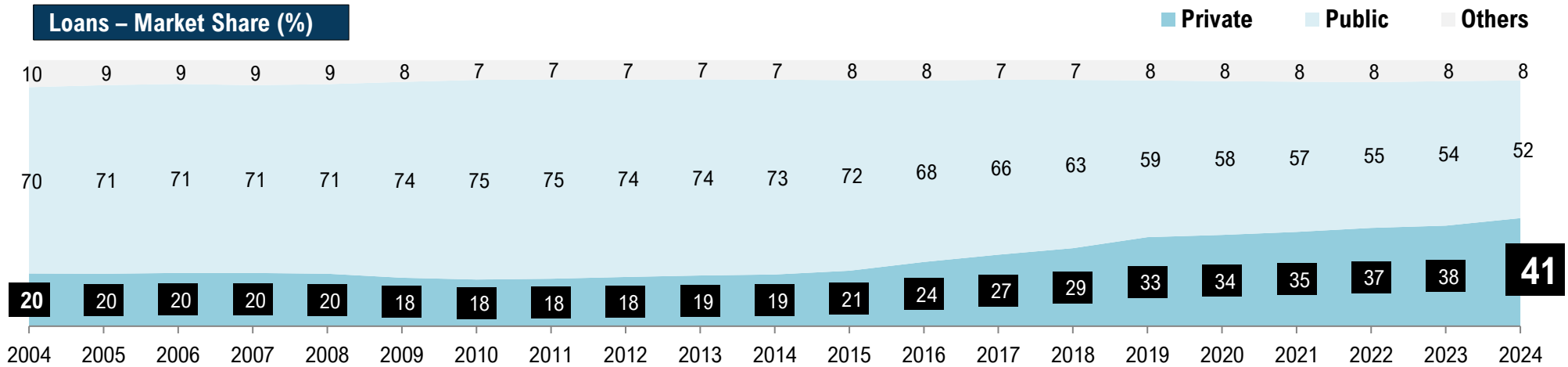
While there may be some survivorship bias here, customers tend to trust & prefer larger banks more than other smaller peers.

This facilitates higher credit growth, better access to capital and economies of scale – thereby helping these banks sustain and grow further.

Hence, the dominance of larger banks in Nifty Private Bank Index can be an advantage.

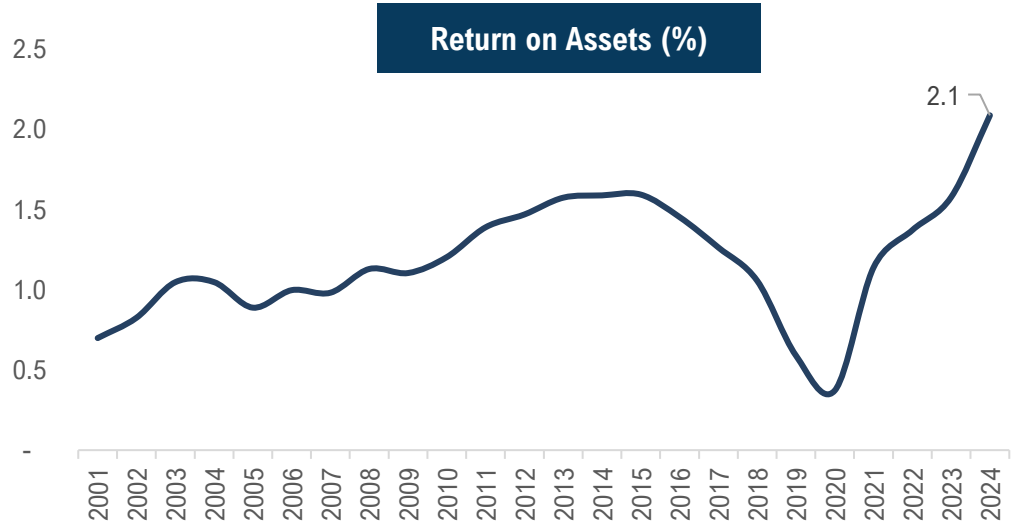
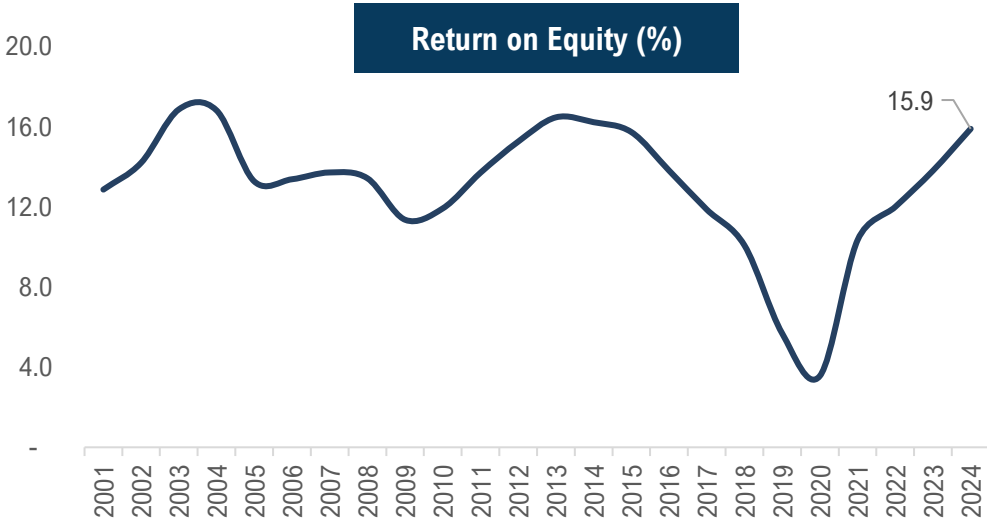
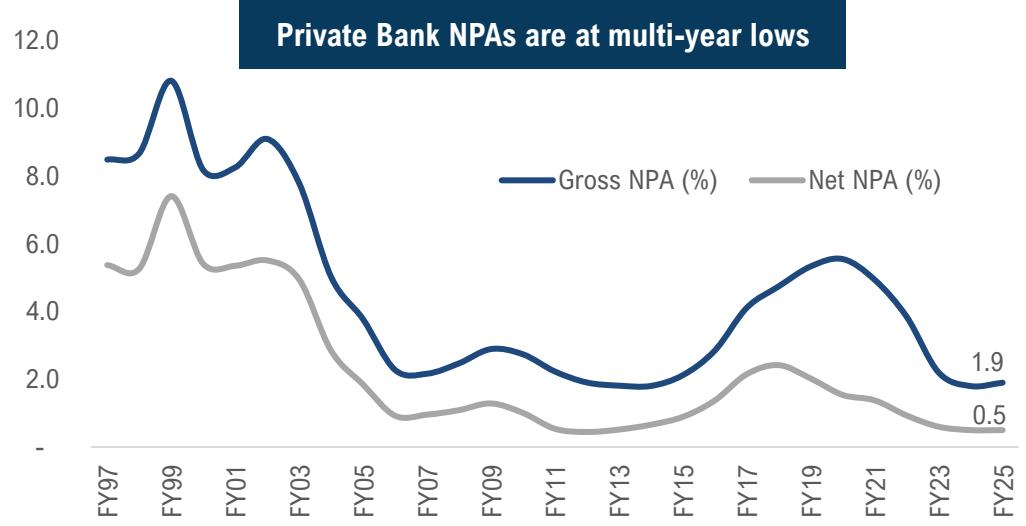
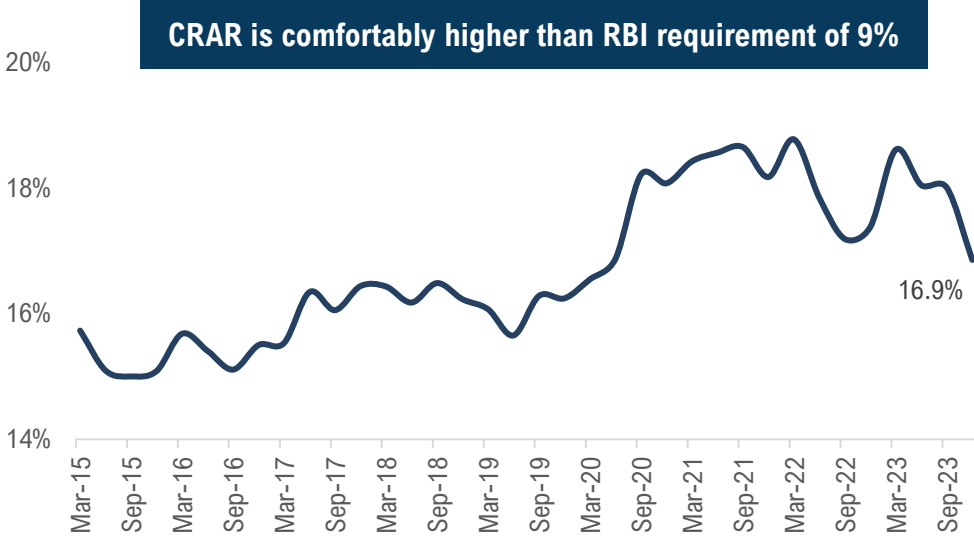
Source – Bloomberg, Internal. Data as of CY2023 for Current period, CY2013 for 10 Year Prior and CY2003 for 20 Year Prior. World's 12 largest private banks by total assets as per S&P Global rankings have been considered. Ranking is based on asset size of banks within the same country. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). Above data is for illustration purpose only. The recipient(s), before acting on any information herein, should make his/her/their own assessment and seek appropriate professional advice.

Indian Private Banks - Gaining Market Share



**Private Banks
Market Share has
doubled
in the last two
decades**

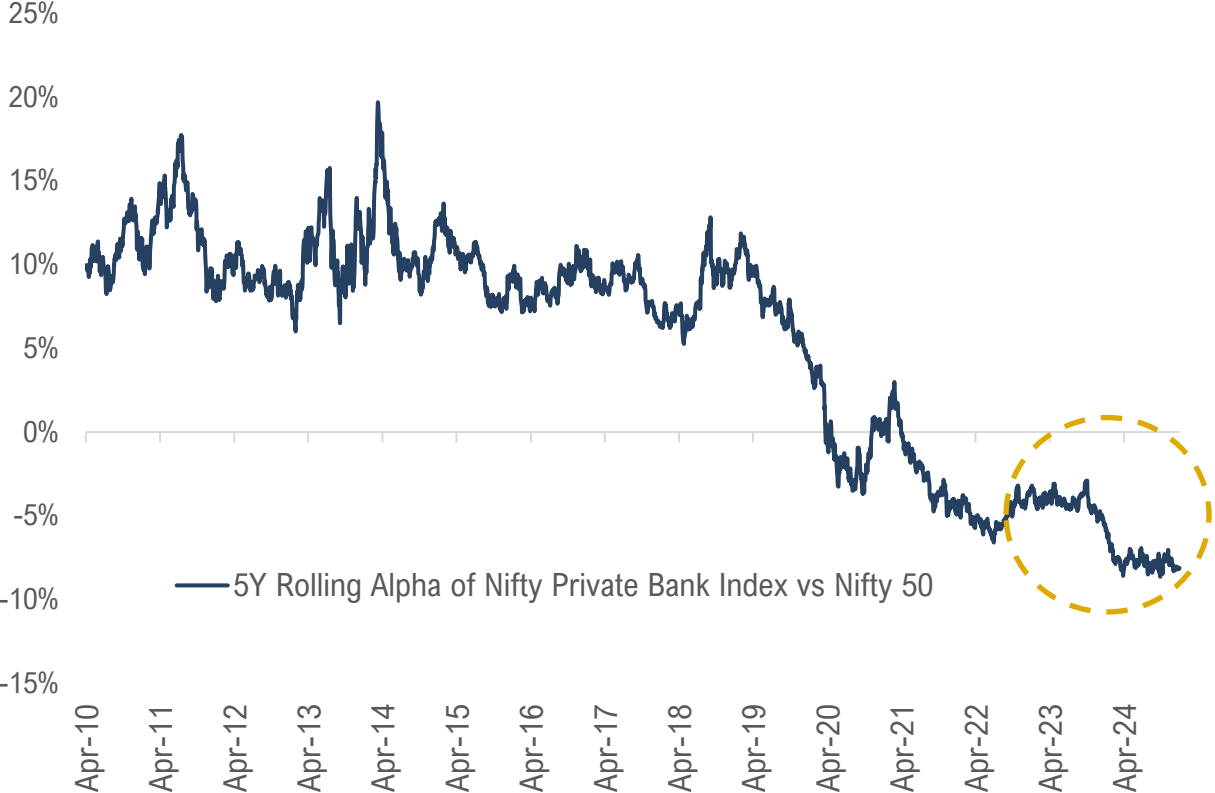
Strong Balance Sheets & Profitability



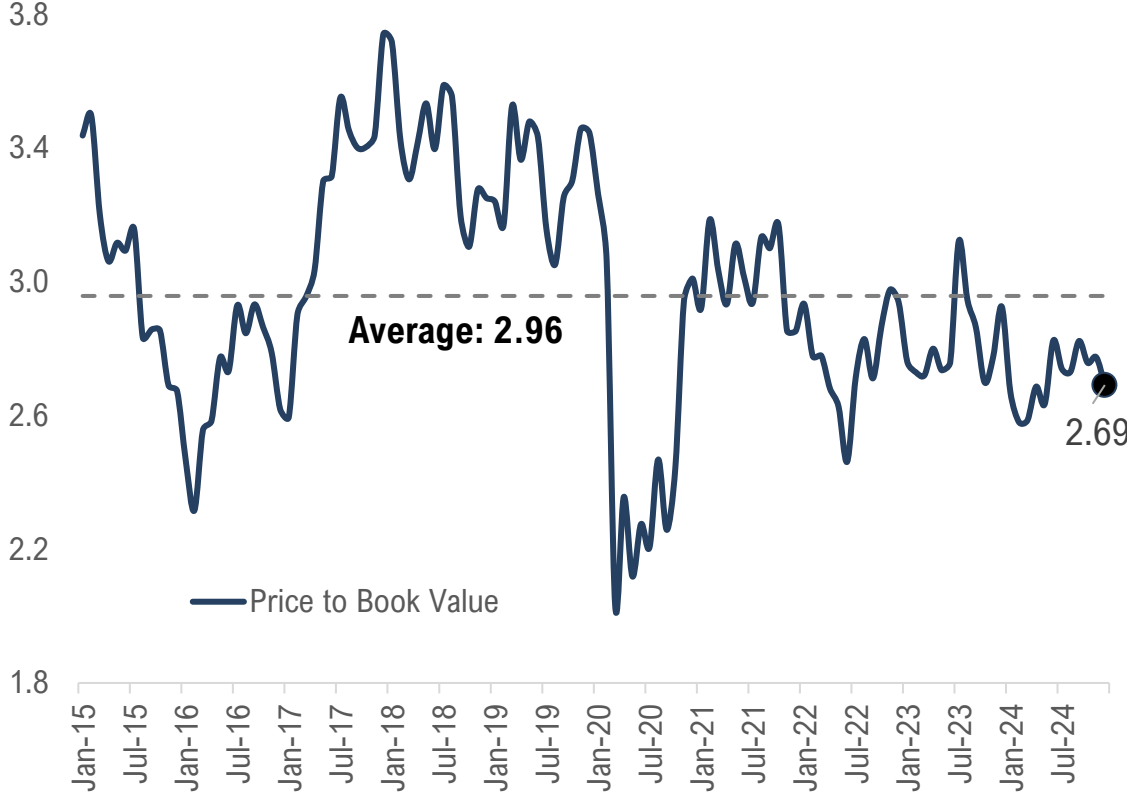
Source – CMIE, Kotak Institutional Equities, Internal. NPA, RoE, RoA data is for fiscal year ends. CRAR Data is as of Q3 FY24 and NPA data is as of Q2 FY25. CRAR – Capital to Risk-Weighted Assets Ratio. NPA – Non-Performing Assets. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Potential for Turnaround + Reasonable Valuations

Significant underperformance over the last few years



Current valuations are below 10-year average



One of the pockets relatively better placed in the current market scenario

Source – MFI Explorer, Internal. Data as of 31 Dec 2024. Total Returns are considered. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.** These figures pertain to performance of the index and do not in any manner indicate the returns/performance of the Scheme. It is not possible to invest directly in an index.

Can Private Banks Market Cap Catch Up With Their Profits?

Share of Private Banks Market Cap is lower than their share in Profits

Growth in Private Banks Market Cap trails Profit Growth

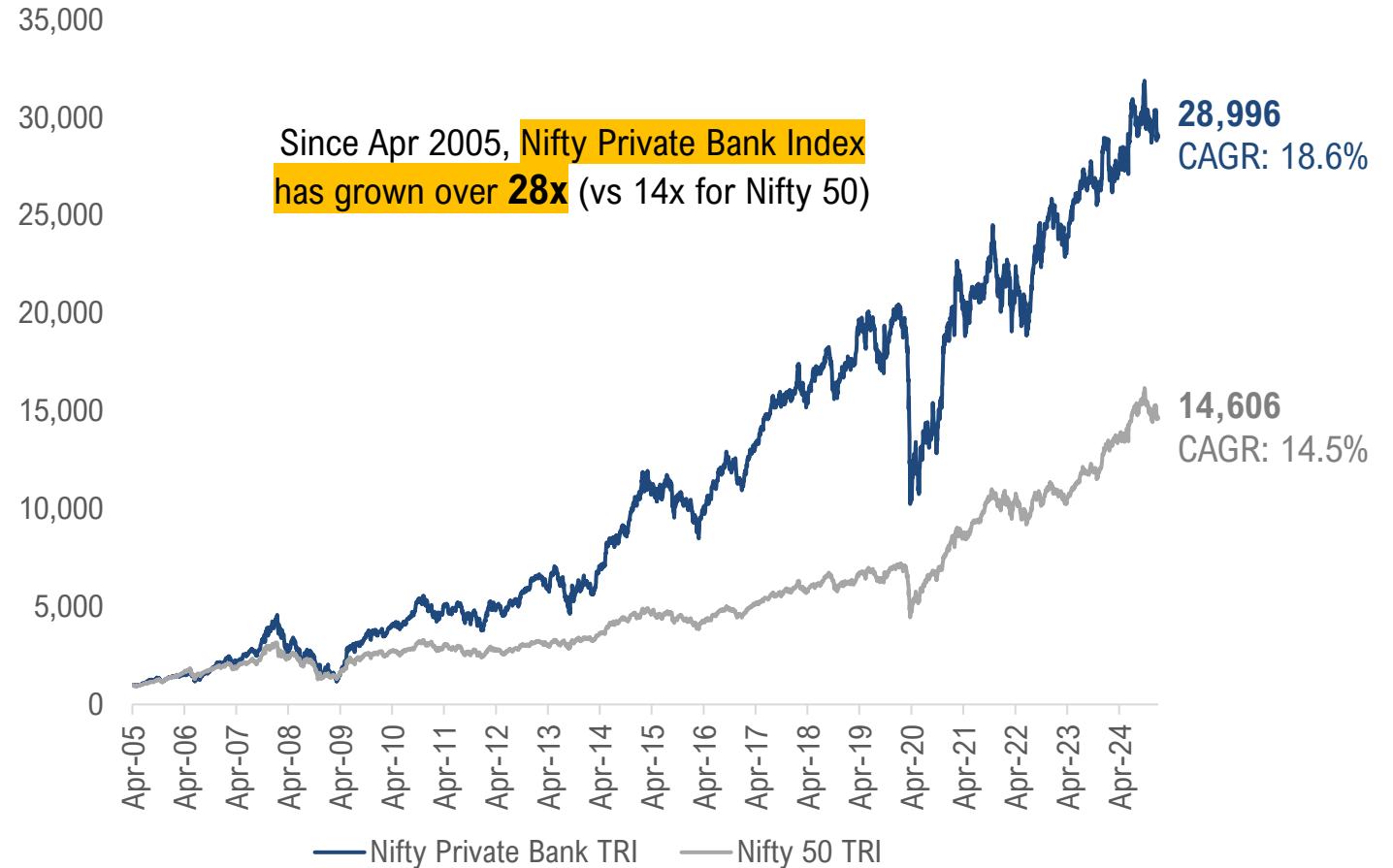
Sector	Current Share in Market Cap	Current Share in Profits	Market Cap Last 10Y CAGR	Profits Last 10Y CAGR
Financial Services	24%	40%	19%	19%
Private Banks	8%	13%	15%	18%
Commodities	9%	7%	16%	7%
Consumer Discretionary	16%	10%	17%	10%
Energy	8%	15%	11%	9%
Fast Moving Consumer Goods	7%	4%	13%	12%
Healthcare	7%	4%	15%	10%
Industrials	10%	5%	21%	19%
Information Technology	10%	9%	14%	9%
Services	2%	2%	16%	21%
Telecommunication	3%	0%	16%	-
Utilities	4%	5%	17%	11%

Source – Kotak Institutional Securities, Internal. CAGR – Compound Annual Growth Rate. Considers Total Market Cap of Top 500 companies. Current period Market Cap is as on 31 Dec 2024 and Profits are based on last 4 quarter profits (Q3 FY24 to Q2 FY25). Prior period Market Cap is as on 31 Dec 2014 and Profits are based on last 4 quarter profits (Q3 FY14 to Q2 FY15). The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.** There is no assurance of any returns/capital protection/capital guarantee to the investors in the Scheme.

Nifty Private Bank Index – A Snapshot

Universe	Private Sector Banks
No of Stocks	10
Weighting	Free-Float
Single Stock exposure	<= 23%
Top 3 Stocks exposure	<= 62%
Rebalancing	Semi Annual

Value of Rs.1,000 invested on 01-Apr-05



Source – NSE, MFI Explorer, Internal. Data as on 31 Dec 2024. CAGR – Compound Annual Growth Rate. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.** These figures pertain to performance of the index and do not in any manner indicate the returns/performance of this scheme. There is no assurance of any returns/capital protection/capital guarantee to the investors in this scheme of DSP Mutual Fund. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). The investment approach / framework/ strategy mentioned herein are proposed to be followed and the same may change in future depending on market conditions and other factors. For detailed methodology, [click here](#).

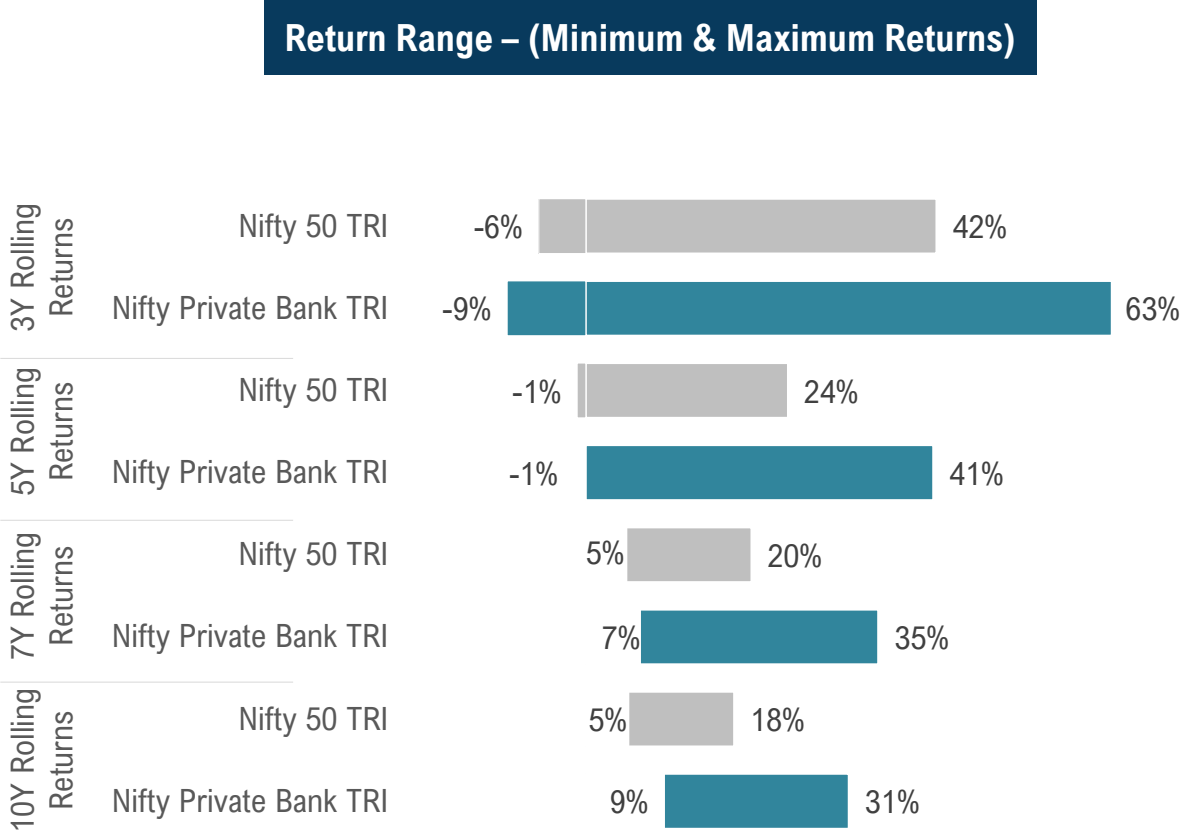
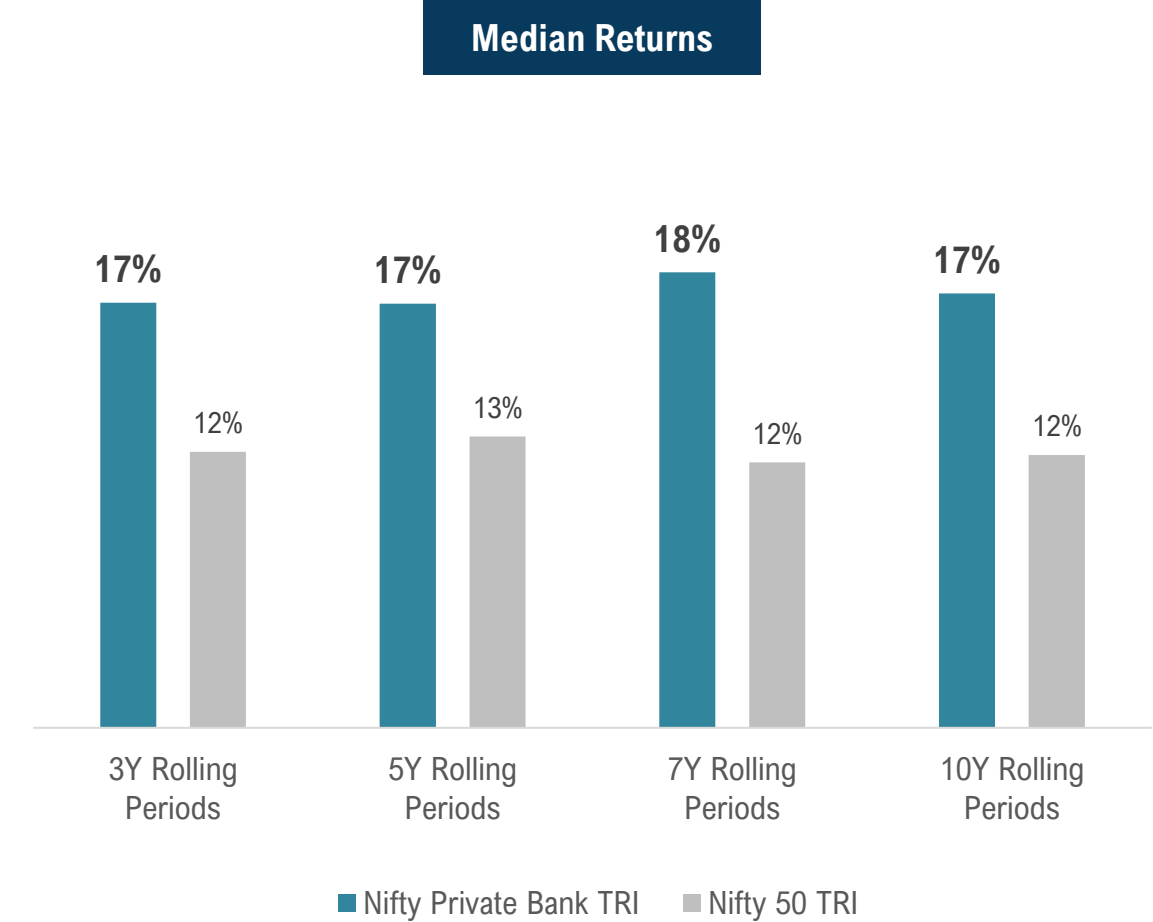
Nifty Private Bank Index Constituents – A Snapshot

Name	Last 10Y Profit CAGR	Return on Equity (%)	Return on Assets (%)	Net NPA (%)	Current P/B	10Y Average P/B
Axis Bank	15%	18.40	1.84	0.31	1.84	2.64
Bandhan Bank*	-	10.82	1.34	1.11	1.19	3.48
City Union Bank	11%	12.81	1.48	1.97	1.52	2.27
Federal Bank	16%	14.86	1.32	0.60	1.62	1.43
HDFC Bank	17%	17.18	1.95	0.33	2.70	4.20
ICICI Bank	16%	18.81	2.05	0.42	3.09	2.48
IDFC First Bank*	-	10.12	1.10	0.60	1.38	1.40
IndusInd Bank	18%	15.19	1.85	0.57	1.13	2.78
Kotak Mahindra Bank	15%	15.03	2.62	0.34	2.35	4.65
RBL Bank	22%	8.88	0.99	0.74	0.62	1.67

Eight out of ten portfolio stocks currently trade below 10-year average valuations

*History less than 10 Years. Banks trading currently at P/B lower than 10 Year average have been highlighted in green. HDFC Bank's Profit CAGR includes HDFC Ltd Core Profits. Source – Bloomberg, Capitaline, Kotak Institutional Equities, Internal. Return on Equity, Return on Assets & NPA data are as of FY24. Portfolio data as on 31 Dec 2024. 10Y Profit CAGR is based on last 4 quarter profits as on 31 Dec 2024 (Q3 FY24 to Q2 FY25) and as on 31 Dec 2014 (Q3 FY14 to Q2 FY15). PB data as on 31 Dec 2024. CAGR – Compound Annual Growth Rate. NPA – Non-Performing Assets. P/B – Price to Book Value. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). The investment approach / framework/ strategy mentioned herein are proposed to be followed by the scheme and the same may change in future depending on market conditions and other factors.

Potential For Better Returns But May Have Higher Downside



Dedicated Team For Passive Investments

Portfolio Management / Dealing / Analysis



Anil Ghelani, CFA
(25)
Head of Passive
Investments &
Products



Diipesh Shah
(22)
Vice President



Neha Rathi
(5)
Manager

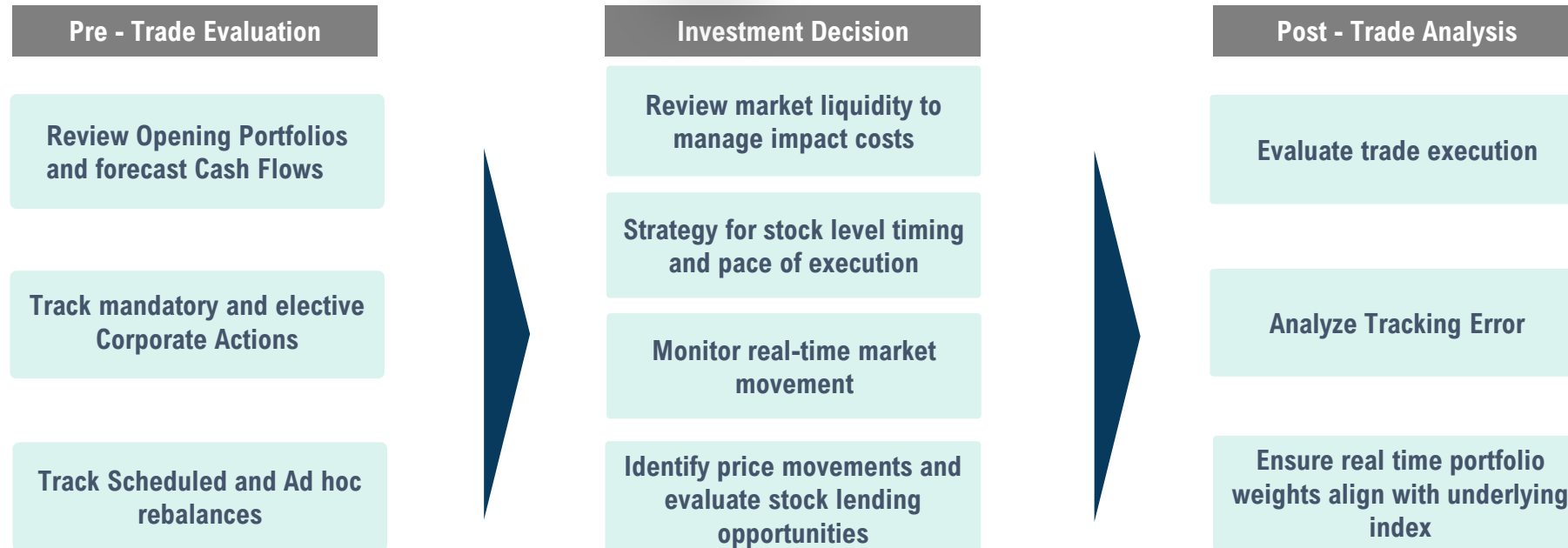


Ravi Gehani
(8)
Manager



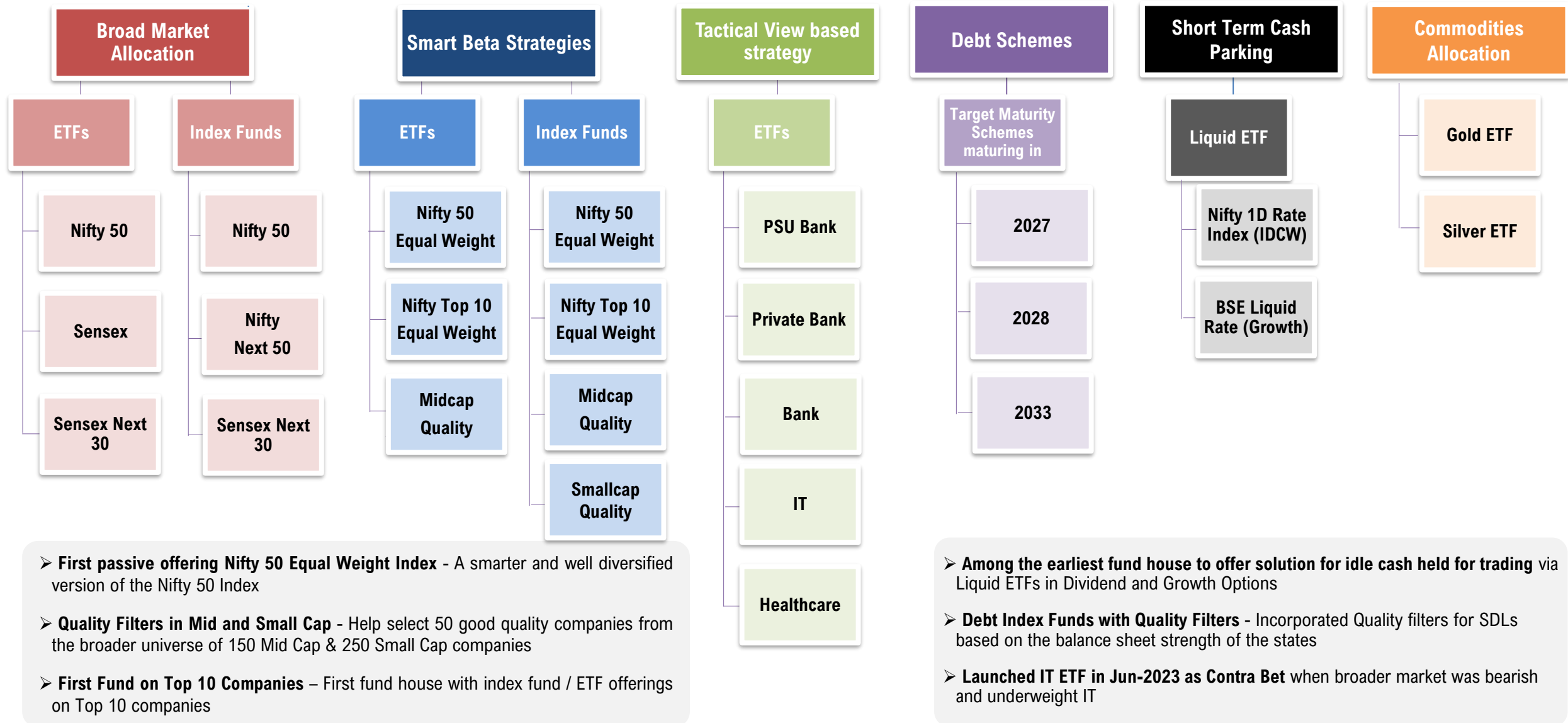
Sannidhya
Shegaonkar
(1)
Management
Trainee

Passive Investments Process



In line with global best practices - **dedicated passive investment desk** for best execution

Our Other Passive Offerings



- **First passive offering Nifty 50 Equal Weight Index** - A smarter and well diversified version of the Nifty 50 Index
- **Quality Filters in Mid and Small Cap** - Help select 50 good quality companies from the broader universe of 150 Mid Cap & 250 Small Cap companies
- **First Fund on Top 10 Companies** – First fund house with index fund / ETF offerings on Top 10 companies

- **Among the earliest fund house to offer solution for idle cash held for trading** via Liquid ETFs in Dividend and Growth Options
- **Debt Index Funds with Quality Filters** - Incorporated Quality filters for SDLs based on the balance sheet strength of the states
- **Launched IT ETF in Jun-2023 as Contra Bet** when broader market was bearish and underweight IT

Scheme Details

Nature	DSP Nifty Private Bank Index Fund
Category of the Scheme	Index Fund
Type of the Scheme	An open ended scheme replicating/ tracking Nifty Private Bank Index
Investment Objective	The investment objective of the Scheme is to generate returns that are commensurate with the performance of the Nifty Private Bank Index, subject to tracking error. There is no assurance that the investment objective of the Scheme will be achieved.
Benchmark details	Nifty Private Bank TRI
Plans	Regular & Direct
Options	- Growth - Income Distribution cum Capital Withdrawal (IDCW) – Payout & Reinvestment option
Minimum Application Amount (First purchase and Subsequent purchase)	Applicable to both Regular & Direct Plan: Rs. 100/- & any amount thereafter.
Minimum Installment Amount for Systematic Investment Plan (SIP)	Rs. 100/- & any amount thereafter
Exit Load	Nil
Fund Manager(s)	Mr Anil Ghelani, Mr Diipesh Shah
Expense Ratio	Regular Plan – Upto 1.0%* Direct Plan – Upto 0.4%*

Risk Factors

Concentration Risk

- This index provides exposure only to the Banking sector, leading to sector-level concentration risk
- This index has only 10 stocks, thereby leading to stock level concentration risk

Passive Investments

- The Scheme invests in the securities included in its underlying index regardless of their investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets. Consequently, the NAV of the Units of the Scheme may fluctuate and can go up or down.

High Volatility

- This index may exhibit higher volatility compared to other large cap indices

Risk Factors – Tracking Error

The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the respective scheme, corporate actions, cash balance, changes to the underlying index and regulatory policies which may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index. "Tracking Error" is defined as the standard deviation of the difference between daily returns of the underlying index and the NAV of the respective scheme. "Tracking Difference" is the annualized difference of daily returns between the Index and the NAV of the scheme (difference between fund return and the index return). Tracking Error and Tracking difference may arise including but not limited to the following reasons:

- i. Expenditure incurred by the fund.
- ii. The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses. The fund may not be invested at all time as it may keep a portion of the funds in cash to meet redemptions or for corporate actions.
- iii. Securities trading may halt temporarily due to circuit filters.
- iv. Corporate actions such as debenture or warrant conversion, rights, merger, change in constituents etc.
- v. Rounding off of quantity of shares in underlying index.
- vi. Dividend payout.
- vii. Disinvestments to meet redemptions, recurring expenses, IDCW payouts etc.
- viii. Execution of large buys / sell orders
- ix. Transaction cost (including taxes and insurance premium) and recurring expenses
- x. Realization of Unit holders funds
- xi. Index providers may either exclude or include new scrips in their periodic review of the scrips that comprise the underlying index. In such an event, the Fund will try to reallocate its portfolio but the available investment/reinvestment opportunity may not permit absolute mirroring immediately.

SEBI Regulations (if any) may impose restrictions on the investment and/or divestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error.

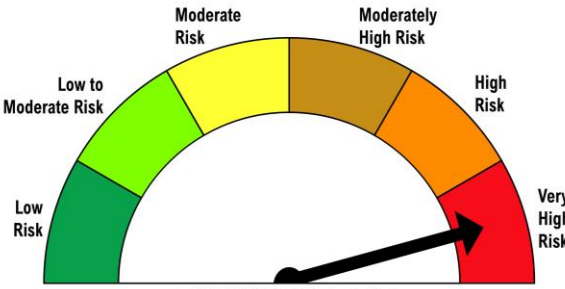
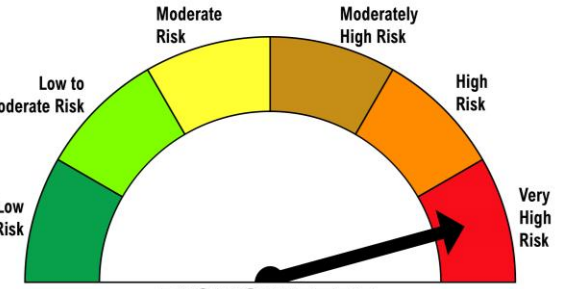
It will be the endeavor of the fund manager to keep the tracking error as low as possible. However, in case of events like, dividend received from underlying securities, rights issue from underlying securities, and market volatility during rebalancing of the portfolio following the rebalancing of the underlying index, etc. or in abnormal market circumstances may result in tracking error. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Index.

Disclaimer

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For index disclaimer, Click [here](#).

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

<p>DSP Nifty Private Bank Index Fund (An open ended scheme replicating / tracking Nifty Private Bank Index)</p>	<p>This product is suitable for investor who are seeking*</p> <ul style="list-style-type: none"> • Long-term capital growth • Investment in equity and equity related securities covered by Nifty Private Bank Index, subject to tracking error. <p>*Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.</p>	<p style="text-align: center;">SCHEME RISKOMETER</p>  <p style="text-align: center;">RISKOMETER THE RISK OF THE SCHEME IS VERY HIGH</p>	<p style="text-align: center;">BENCHMARK RISKOMETER Nifty Private Bank TRI</p>  <p style="text-align: center;">RISKOMETER THE RISK OF THE BENCHMARK IS VERY HIGH</p>
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DSP
MUTUAL FUND

INVEST FOR GOOD