

Give an Innovative Edge to your Portfolio

UTI Innovation Fund

NFO Opens September 25, 2023

NFO Closes October 9, 2023





What is Innovation?

- **Innovation:** A driver for growth and wealth creation
- Waves of Innovation



Potential Investment Opportunities

- Opportunities spread across sectors
- Case Study

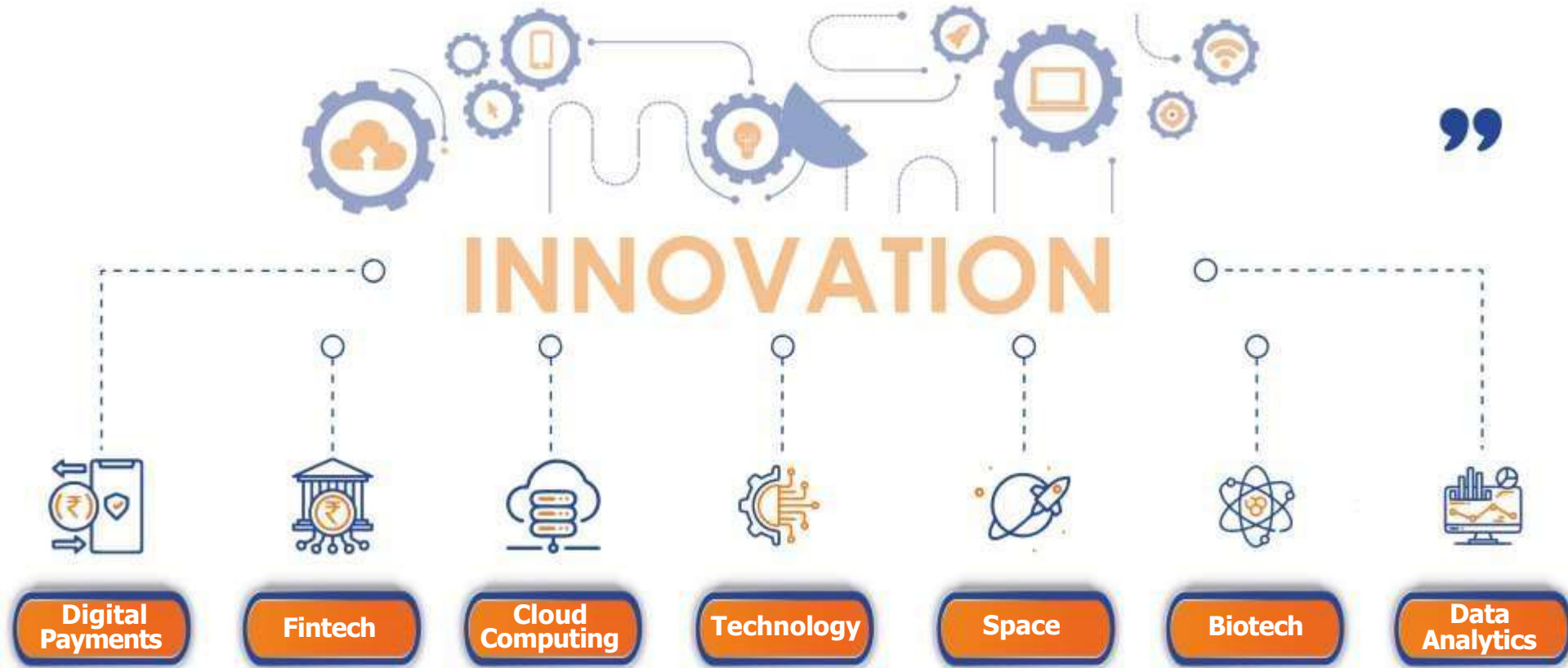


UTI Innovation Fund

- Investment Strategy
- Fund Snapshot
- Product Suitability



What is Innovation?



 **Innovation is the process of creating value by applying novel solutions to meaningful problems** 

– Joe Dwyer, Professor, University of Kellogg Business School

Innovation: A driver for growth and wealth creation



**Nominal
GDP**

1992

\$6.52 T

2002

\$10.93 T

2022

\$25.46 T

2002

\$0.52 T

2022

\$3.39 T



**Car Volume
(million units)#**

12.85

16.81

13.75

0.69

3.89



**Bank
Credit**

\$2.03 T

\$3.97 T

\$11.98 T

\$0.12 T

\$1.57 T



**New Home
Sales ('000)^**

610

973

641

30
(2006)

468



**Nasdaq 100
Index***

360.18

984.36

10,939.76

There is no similar index available in India

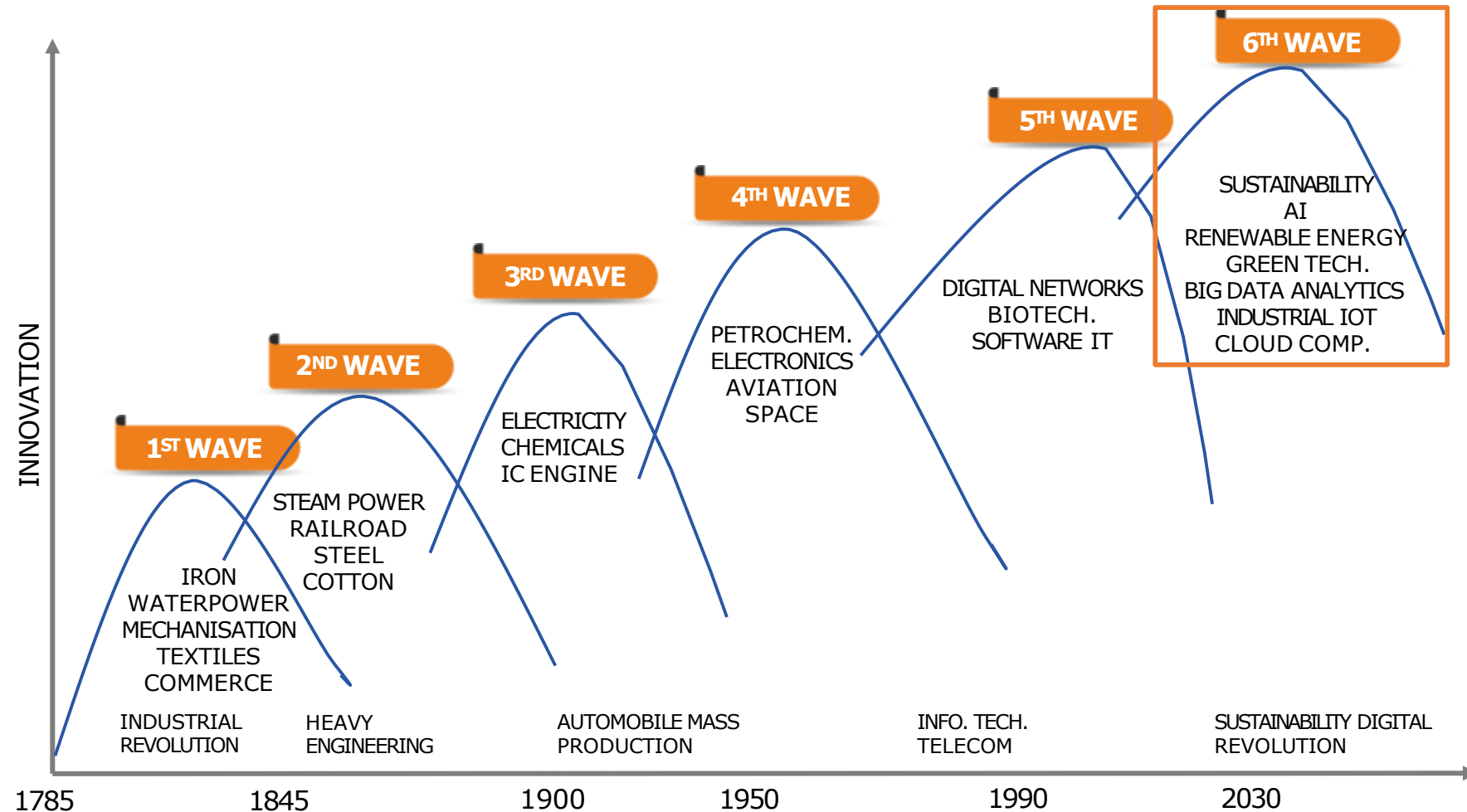
*The 5 biggest weights in the Nasdaq 100 index are Apple, Microsoft, Amazon, Nvidia & Meta Platforms as of August 31, 2023



**Innovation has been the
catalyst for economic growth
& wealth creation**



**India could be at inflection point
where innovation could be a
significant contributor to growth
and wealth creation in the future**



Present wave of innovation

The best way to predict the future is to create it

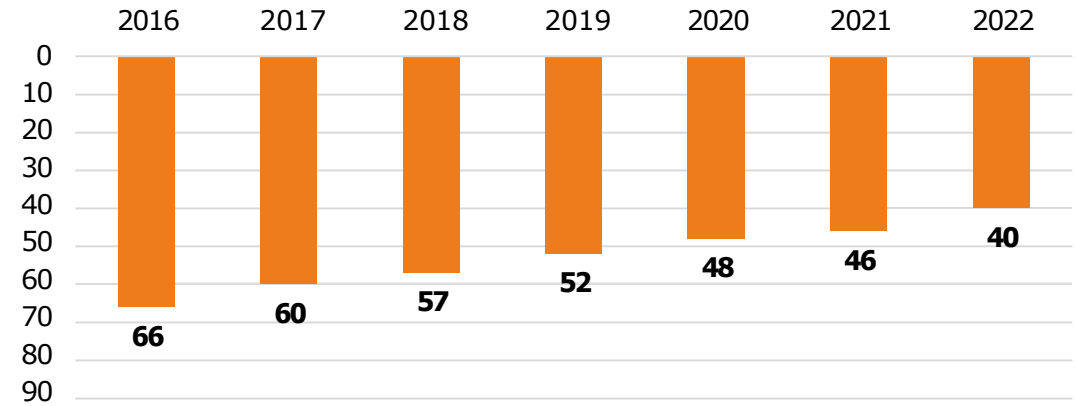
Alan Kay

Computer Scientist

India is getting better at innovation

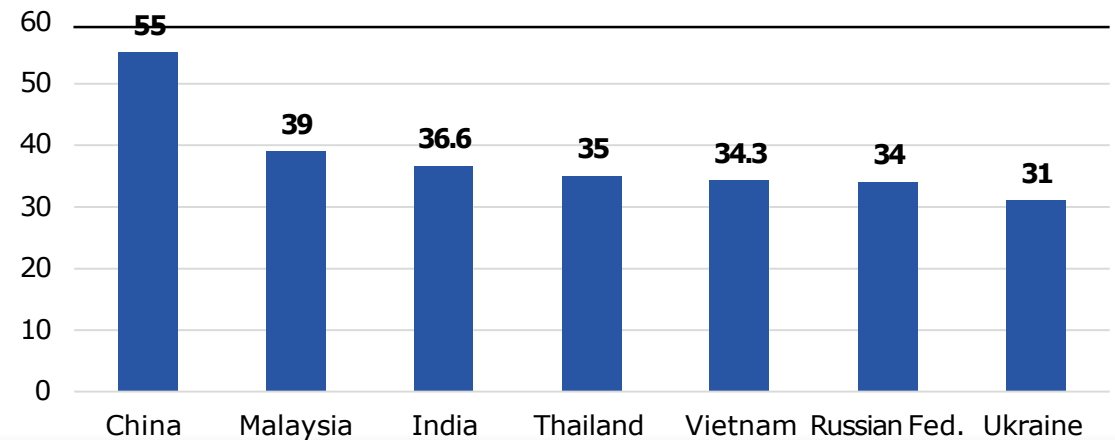
India's Global
Innovation Index
ranking has
improved over
the years

India's Global Innovation Index rank



Among emerging
markets,
only China is
materially
ahead of India

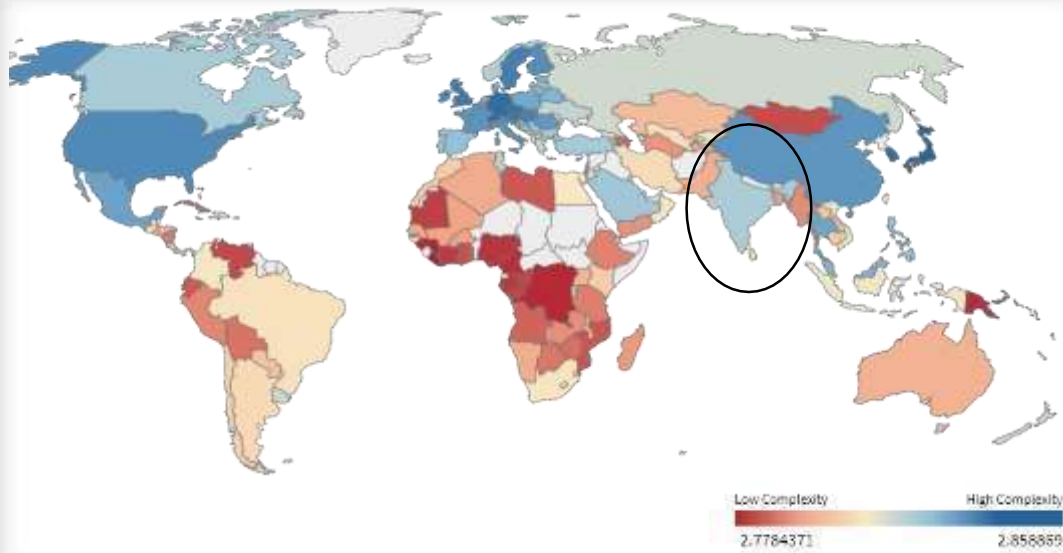
Global Innovation Index score - 2022



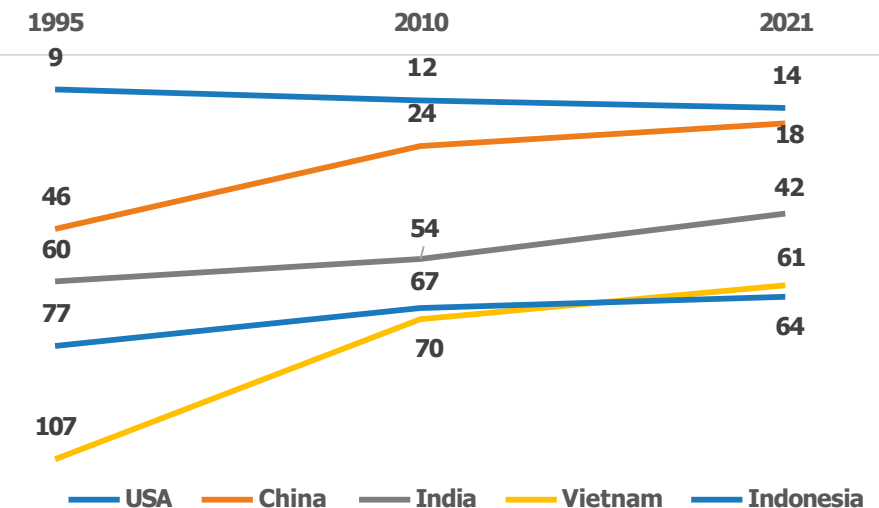
Economic Complexity Index – India Rank Improving

Harvard Growth Lab's Country Rankings assess the current state of a **country's productive knowledge**, through the Economic Complexity Index (ECI). Countries improve their ECI by increasing the number and **complexity** of the products they successfully **export**.

Country Complexity Rankings



Economic Complexity Rankings across time periods

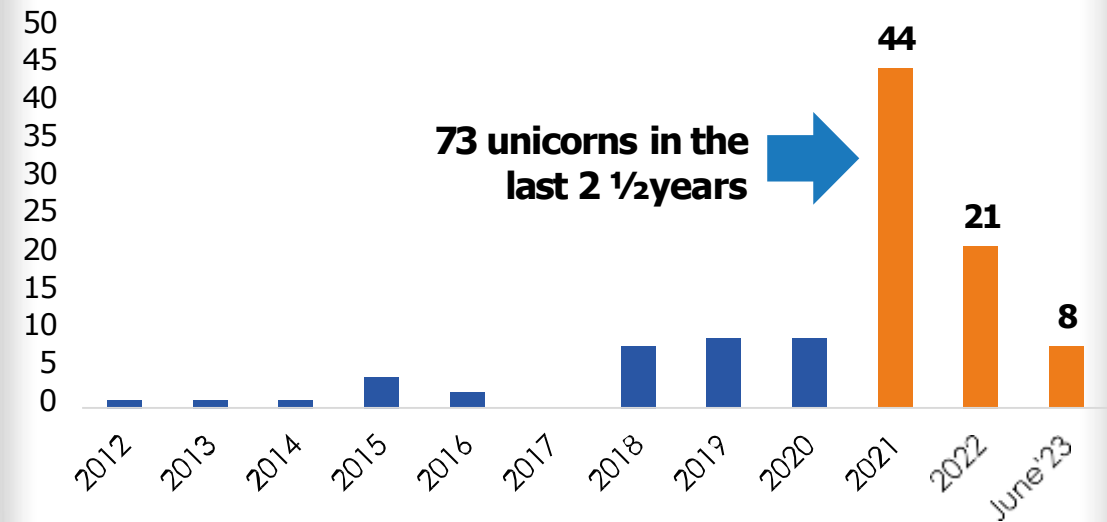


Third largest startup ecosystem globally

Country			
1	United States	712	49.76%
2	China	248	17.33%
3	India	85	5.94%
4	United Kingdom	57	3.98%
5	Germany	36	2.52%
6	France	27	1.89%
7	Israel	26	1.82%
7	Canada	26	1.82%
9	South Korea	22	1.54%
10	Brazil	19	1.33%
10	Singapore	19	1.33%

The number of start-ups has surged in recent years

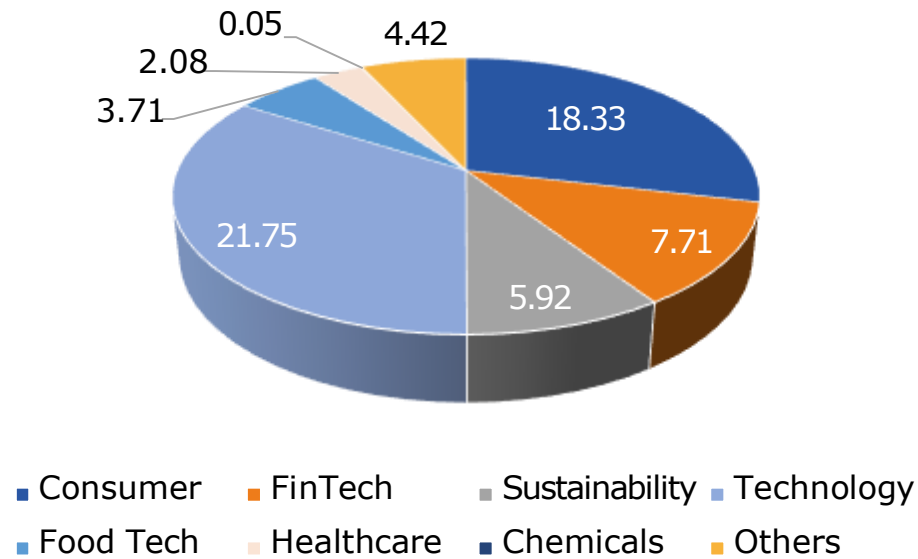
Number of new unicorns in India



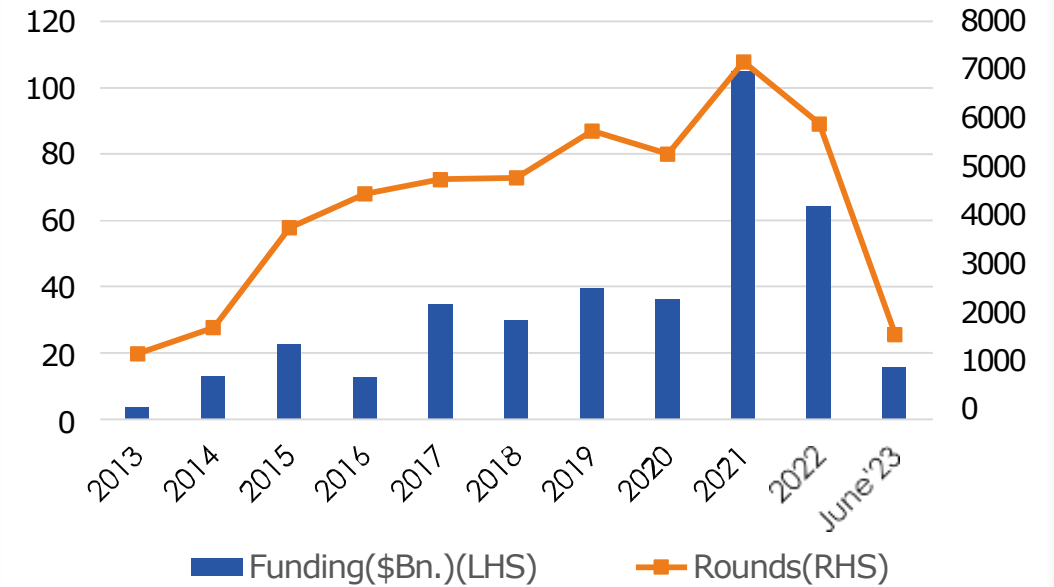
... and so is funding in private space

Tech, Consumer and Sustainability
led by deal value

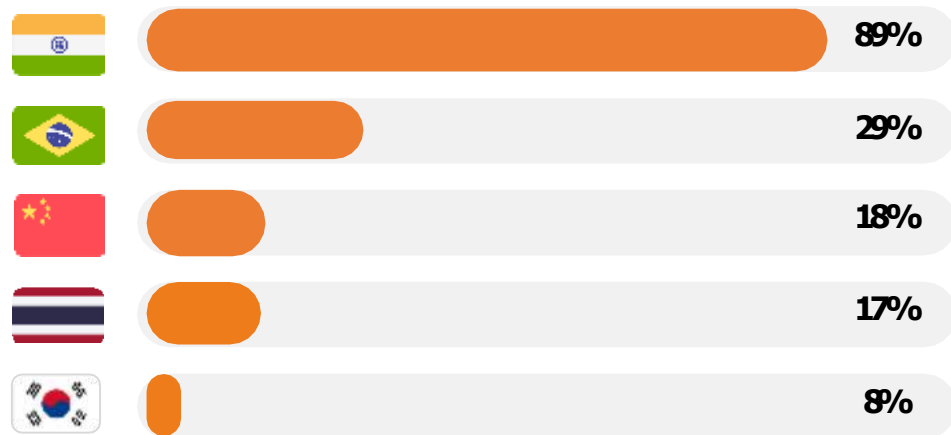
Sector wise breakup of funding raised in 2022 (US\$Bn.)



Funding is still relatively healthy
in a tough environment

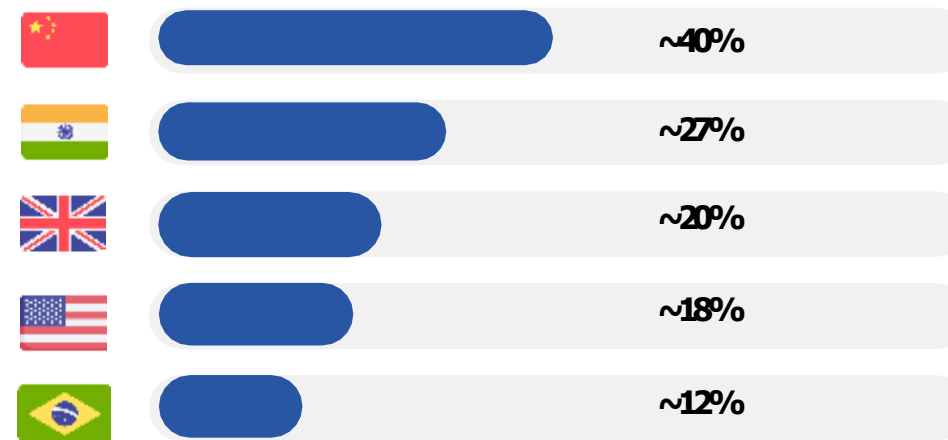


Top 5 countries ranked by real time payments transactions – 2022 (mn.)

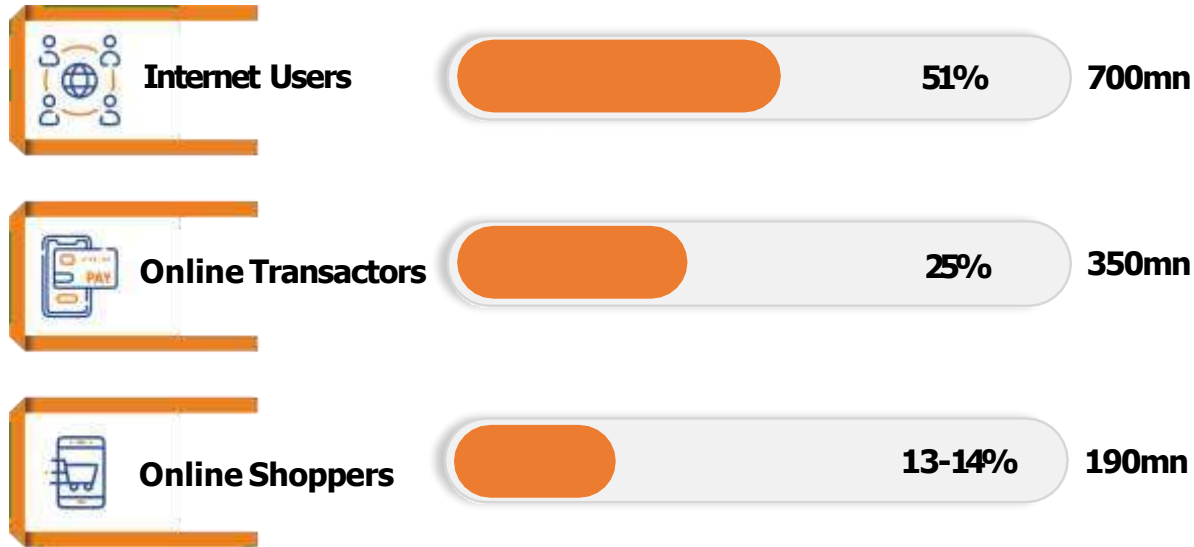


Mobile payment is widely accepted in India

Mobile payment user base. %of population making at least one mobile POS payment in 2022

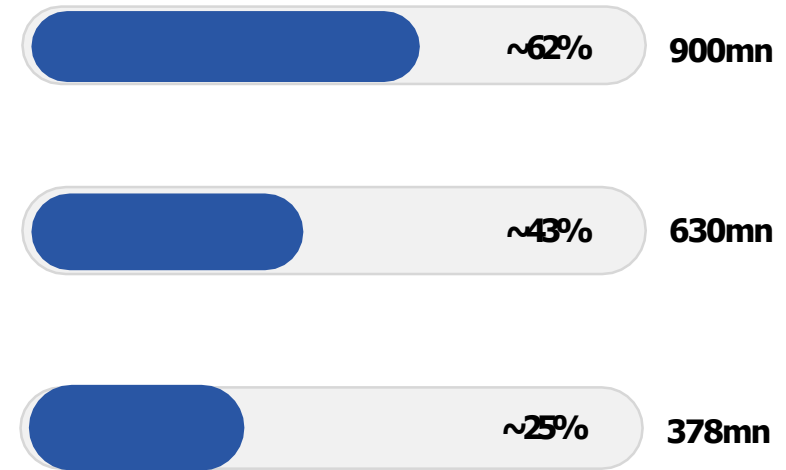


India online consumer funnel (mn.) as %of total population (2022)



With very cheap data and smartphones becoming affordable, internet penetration has sharply increased, and people are gradually becoming familiar with online transactions.

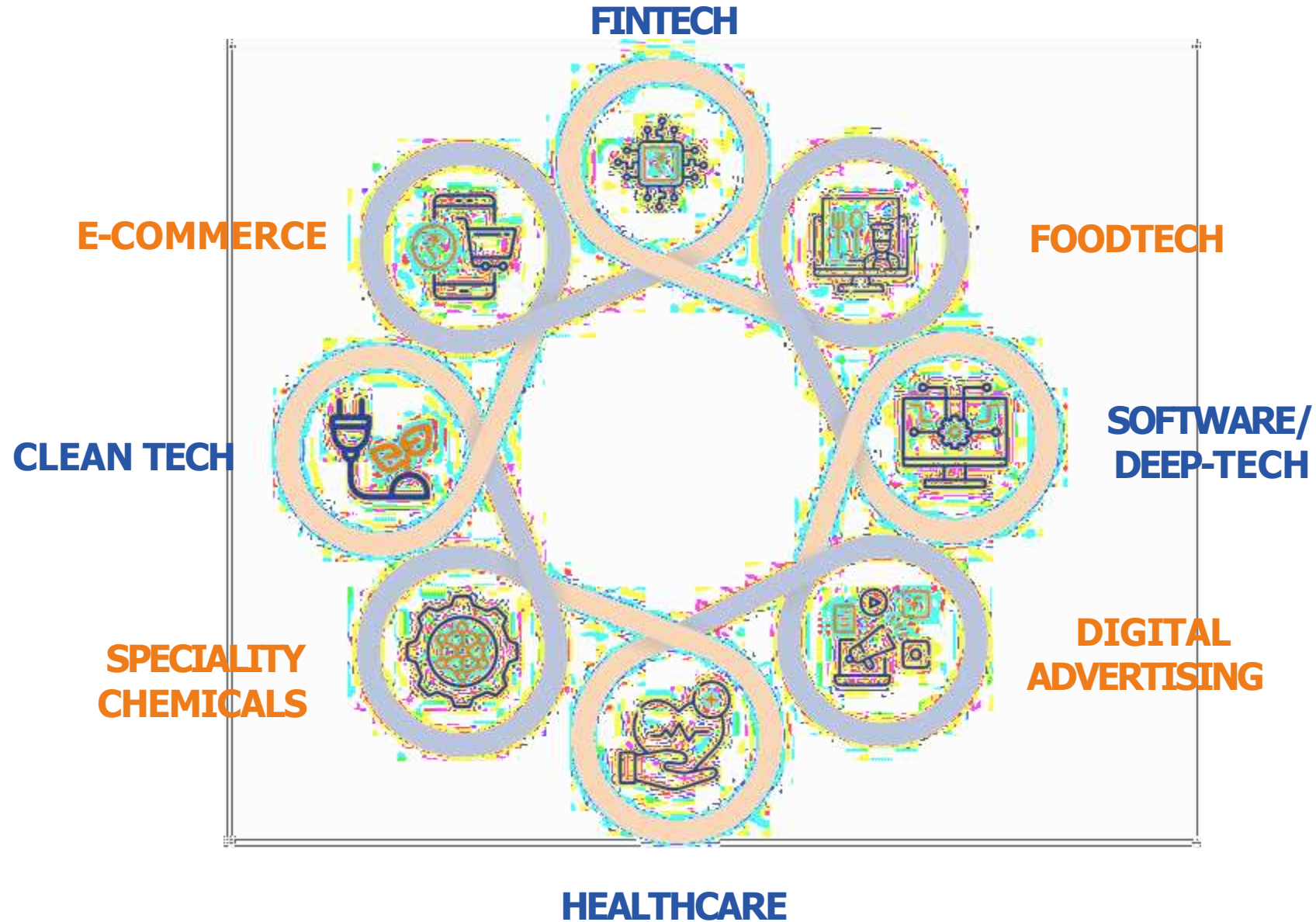
India online consumer funnel (mn.) as %of total population (2025E)



Online transactions are no longer metro/tier-1 city phenomena. Tier-2 and beyond are driving decent volumes in categories such as fintech, e-commerce and food tech.

Potential Investment Opportunities

Opportunities spread across sectors



Huge opportunity size (1/2)



Online Food Delivery

Parameter	Market in 2020	CAGR 2020-30E	Market in 2030E	Players
Gross Merchandise Value (\$bn)	4.3	25%	40.0	Swiggy, Zomato
Orders per day in mn	2.3	26%	23.4	
Gross booking (\$bn)	3-4	8-10%	8-10	Ola, Uber, Lithium Urban, Bounce, Yulu
Total commission income (\$bn)	0.70		1.80	
No. of parcels (bn)	1.1	~24%	9.6	Delhivery, Ecom Express Blue Dart, E kart (Captive), Amazon transport (captive), Gati, XpressBees
Market Size (\$bn)	2.09	22%	15.36	
Two Wheelers EV sales mix (%)	<1%		60%	Ather Energy, Ultraviolette Motors, Revolt, Ampere, Hero Electric, Okinawa. Platforms: Sun Mobility, and Lithion Power
2W EV market (\$bn)	0.10		16.30	
Electric PV sales mix (%)	<1%		25%	M&M, Tata, Maruti Suzuki, Toyota, Hyundai
Electric PV market size (\$bn)	0.10		13.60	
No. of paid students in mn	6.0	25%	69.8	Byjus, Vedantu, Topper, UpGrad, Unacademy
Market size (\$bn)	1.0	35%	19.7	



Shared Mobility



E-Commerce Logistics



2W EV Sales Penetration (%)



Electric PV Sales Penetration (%)








Online Education

Sources: Bernstein estimates & analysis. 2W EV – Two-wheeler electric vehicle; PV – Passenger vehicle; M&M – Mahindra & Mahindra; CAGR – Compound Annual Growth Rate

The reference of stocks/companies therein is for illustrative purposes only and should not be construed as advice. The reference of stocks/companies used may or may not be part of the fund's portfolio and is not an endorsement by the Mutual Fund and AMC of their soundness or a recommendation to buy or sell these stocks at any point of time. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc. Investors are requested to note that there are various factors (both local and international) that can have impact on the future performance and expectations of any company. There is no assurance or guarantee of any company being able to sustain its performance in future and above information should not be construed as research report or a recommendation to buy or sell any security.

Huge opportunity size (2/2)

	Parameter	Market in 2020	CAGR 2020-30E	Market in 2030E	Players
	Ecommerce Retail				
	Mix as %of total retail	4%		15%	Amazon, Flipkart, Tatacliq, First Cry, Pepperfry
	Gross merchandise value (\$bn)	35.0	25%	314.0	
	Unorganized Retail (Digital)				
	No. of kirana store in mn	13.0	4.0%	18.47	Reliance Jiomart
	Gross merchandise value (\$bn)	0		628	
	Mix as %of total retail	0%		30%	
	Renewable Power				
	Power capacity (GW) - Solar	36.0	19.90	235.0	Azure Power, Adani Green, NTPC, Tata Power, Torrent Power
	Annual spends (\$bn)	10	12%	30	
	Over the Top (OTT)				
	Paid subscriber base in mn	25.0	8%	63.0	Netflix, Amazon Prime, Hotstar, Zee5
	Market size (USD bn)	0.24	18%	1.21	
	Online Gaming				
	Active gamers in mn	300	5%	500	Dream 11, Nazara Technologies
	Paid subscribers - assumed 20% now	60	15%	242	
	Market size (mobile gaming) (\$bn)	0.90	26%	9.16	
Target market influenced by new economy in USD bn		83	32%	1324	
Target market influenced by new economy ex. EVs and renewables in USD bn		47	36%	1036	
Revenue pool in USD bn ex. EVs and renewables		10	28%	120	
Revenue pool in USD bn including EVs and renewables		20	25%	180	

Sources: Bernstein estimates & analysis. CAGR – Compound Annual Growth Rate

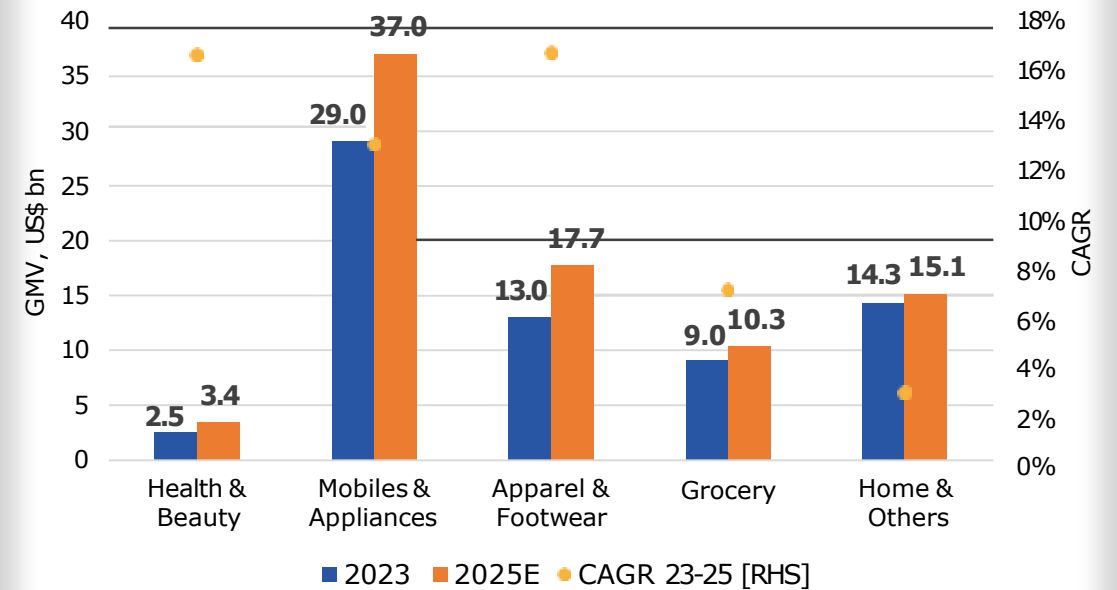
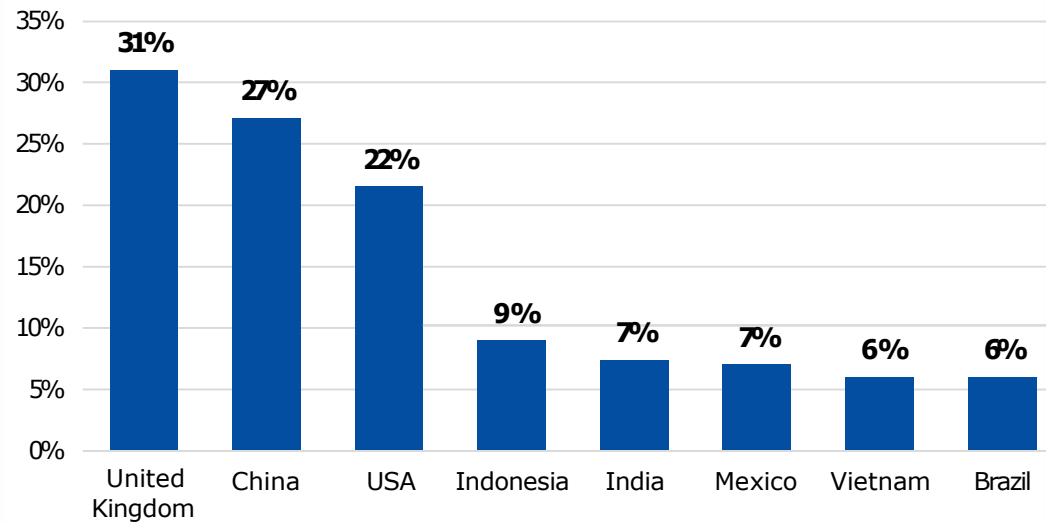
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Ecommerce has significant potential

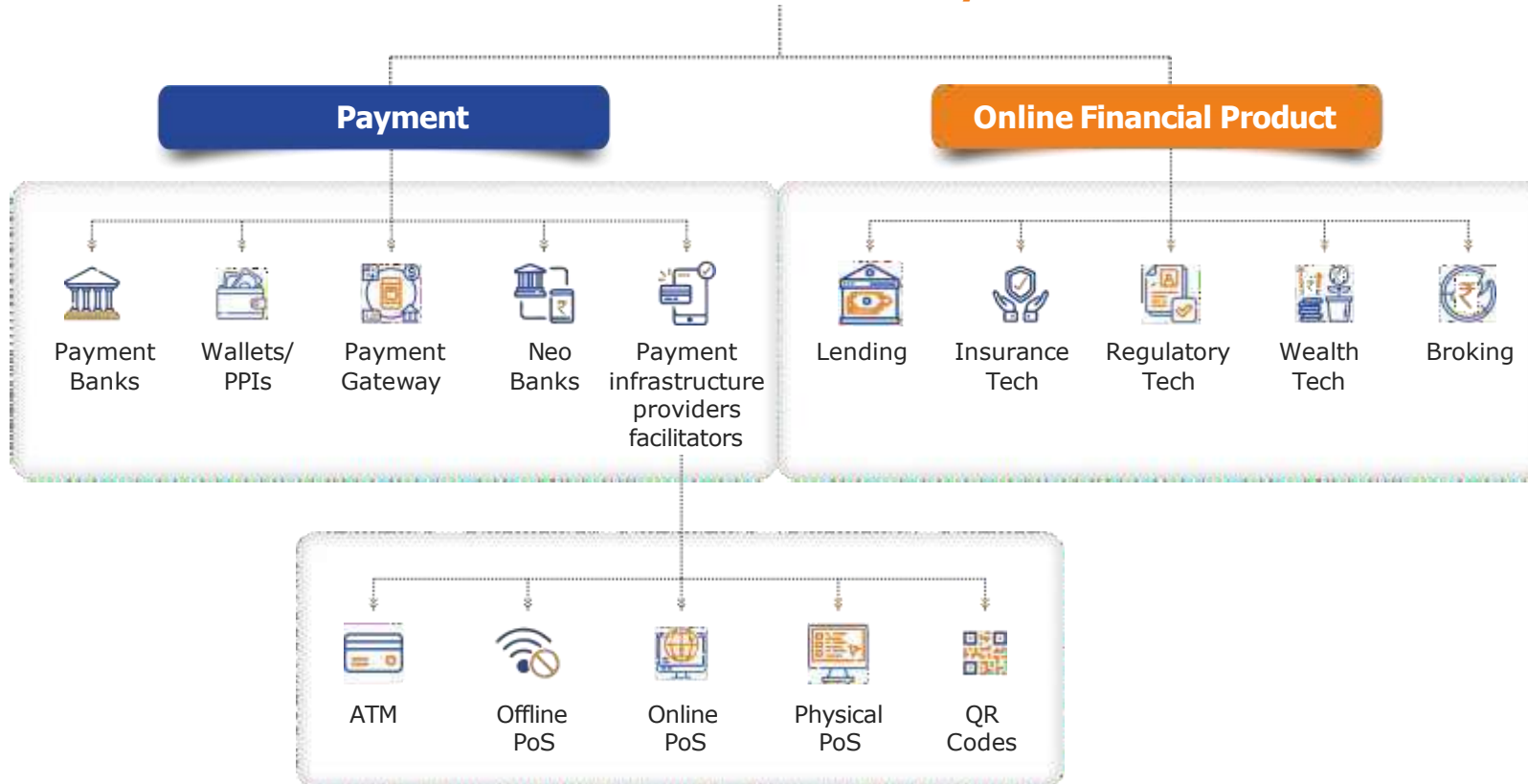
E-commerce penetration in India was 7% in 2021, much lower than US and China

Long runway for growth across categories

E-commerce penetration, 2021






Indian Fintech Industry



A large set of Fintech start-ups ready to disrupt the mammoth traditional banking and financial services industry

How India fares amongst Global Leaders

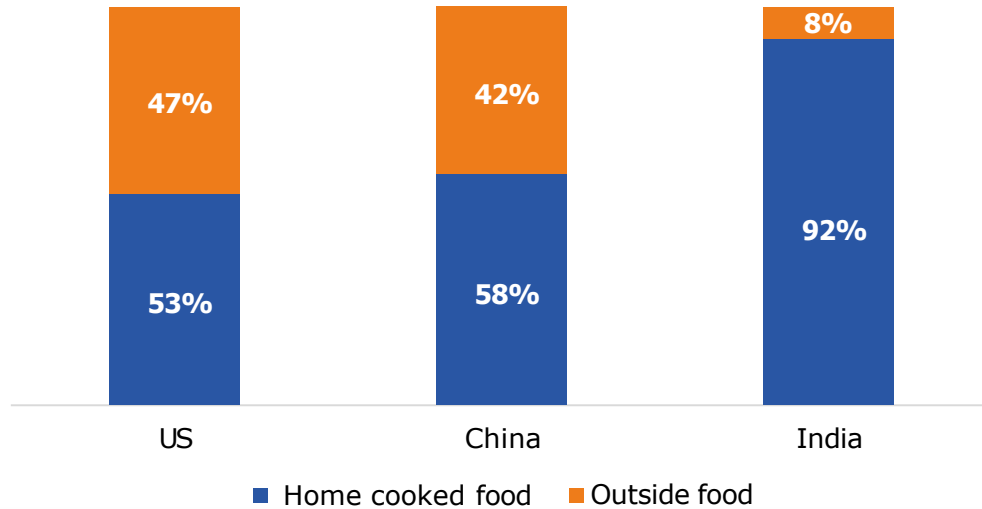
			
	\$27Bn.	\$357Bn.	\$96Bn.
Total Fintech Funding	\$27Bn.	\$357Bn.	\$96Bn.
Inv. CAGR (2019-22)	20%	75%	50%
No. of Unicorns	22	134	15
Median Ticket Size	\$7.5Mn.	\$5Bn.	\$10Mn.



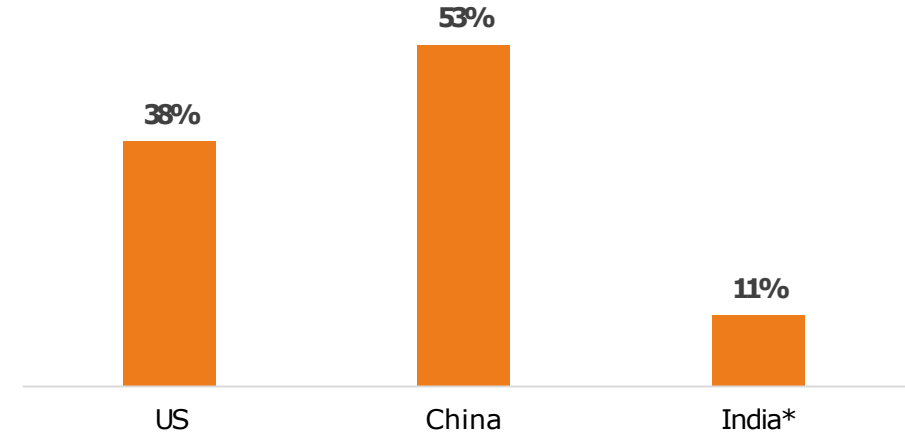
Pivoting from digital payments, start-ups are now targeting several sub-segments of financial industry

Foodtech: Large addressable market and industry structure

Outside food consumption is quite low in India 2021



Ratio of online food delivery users to internet users 2021



* Penetration in India in 2022, compared against penetration in US & China in 2021.

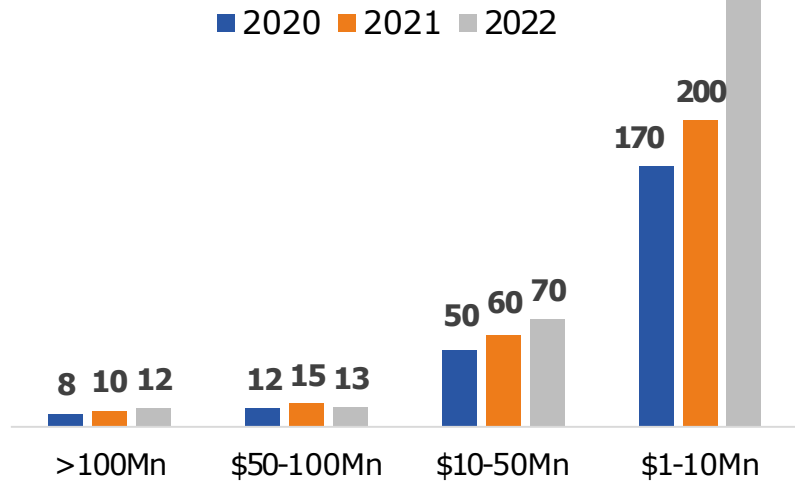


It has become a two-player market with nearly equal market share



Unit economics have improved significantly with operations expanding into grocery delivery

No. of SaaS companies in different ARR buckets



Deep Tech: Artificial Intelligence (AI) and Internet of Things (IoT) are witnessing significant adoption and start-up activity



AI

44%

Share of startups

- ✓ AI Stack Layer: Application (37%), Interfaces (27%), Platform (18%)
- ✓ SaaS enabled by AI

>60% adoption in



Enterprise
Tech



HR tech



Health
Tech



Fintech



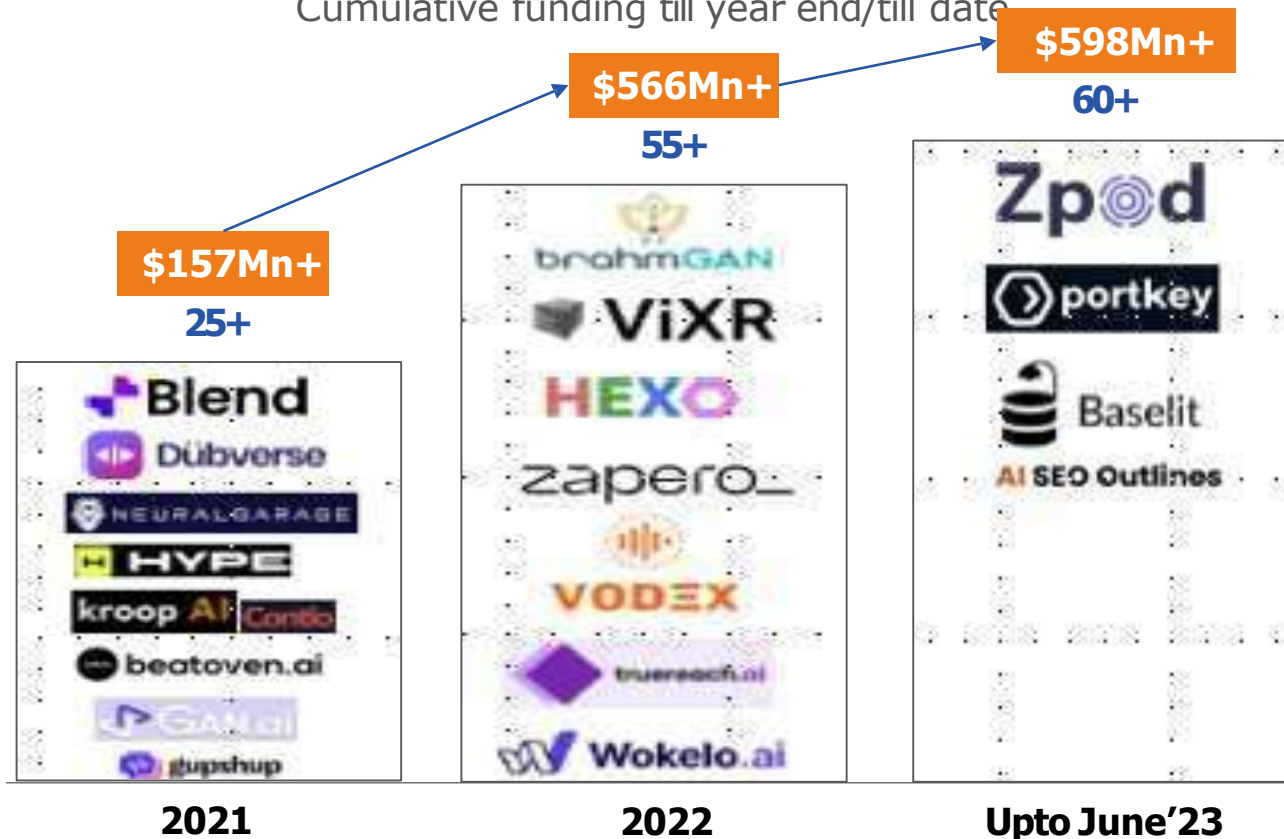
EdTech

- Against global layoffs in 2022, 96% of Indian SaaS unicorns & soonicorns increased headcount
- India already has 21 SaaS unicorns
- Companies such as Freshworks, Zoho, Postman, Dhruva etc. have a large global customer reach
- Deep Tech companies are still in early stage as use cases are evolving

Generative AI: Startups in India Doubled in 2022

Cumulative number of Indian Generative AI Startups

Cumulative funding till year end/till date



US\$8 bn is the total private investments into AI from 2013-2022, \$3.24 Bn in 2022 alone across 1900+ AI startups in India



In Generative AI, more startups targeting data-driven whitespaces in text+image, image+video, audio+video etc



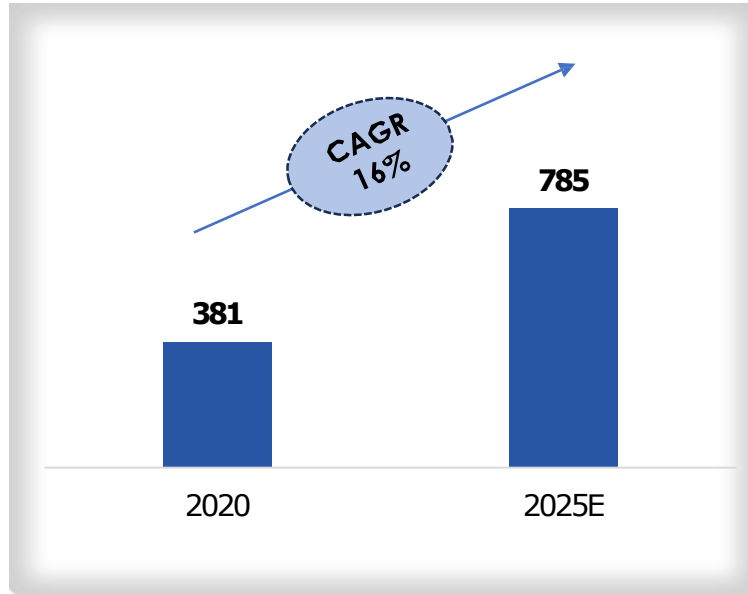
79% of Indian start-ups are building Generative AI solutions inhouse

Sources: NASSCOM, Zinnov-chiratae SaaS report 2023.

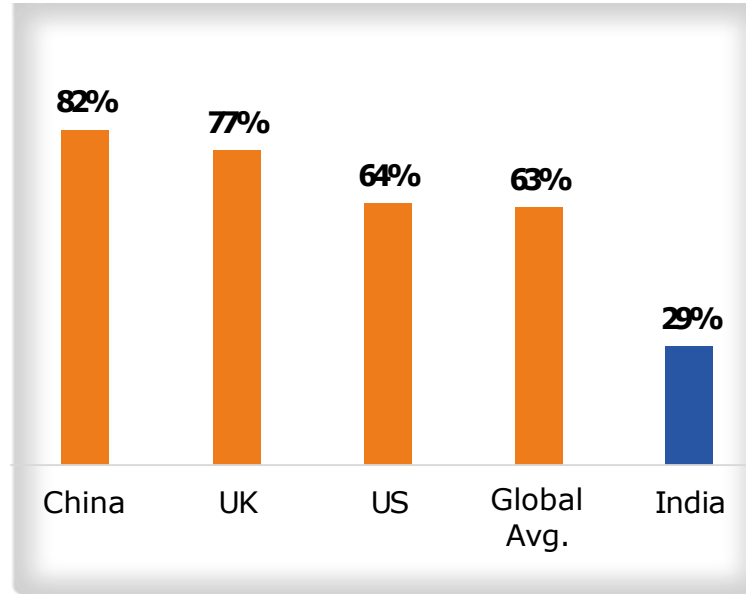
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Digital Advertising: Long runway for growth

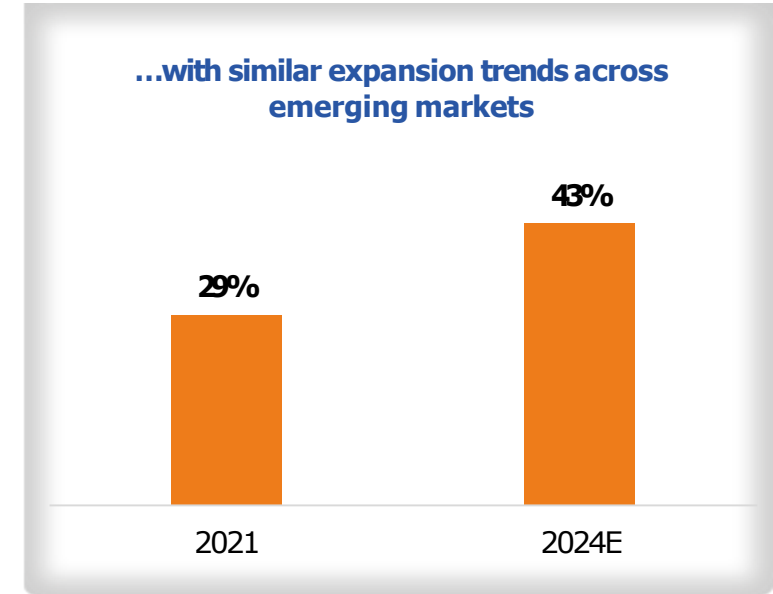
Strong Growth in Global Digital Adv. (US\$Bn.)



Digital Adv. Spends as a % of Total Adv. (US\$Bn.)



India to witness strong structural growth in digital adv.

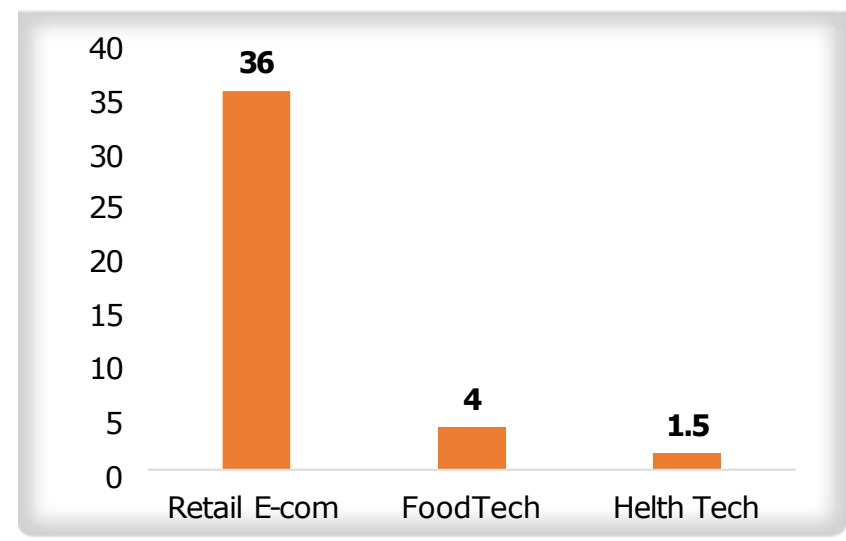



Key Triggers for growth of Digital Advertising

- Growing Penetration of Connected Devices
- Rapid Digitization of Existing and New Industry Verticals


Sources: Redseer, Dentsu IE4M, GSMA, Affel Co. report.

Healthcare: Pace of digitization is expected to increase in India







India's eHealth market is expected to grow at 34% CAGR to reach a size of USD29Bn. GMV in 10 years



Adoption of digital means will be driven by patients' need for convenience, business' need for efficiencies and favorable regulations



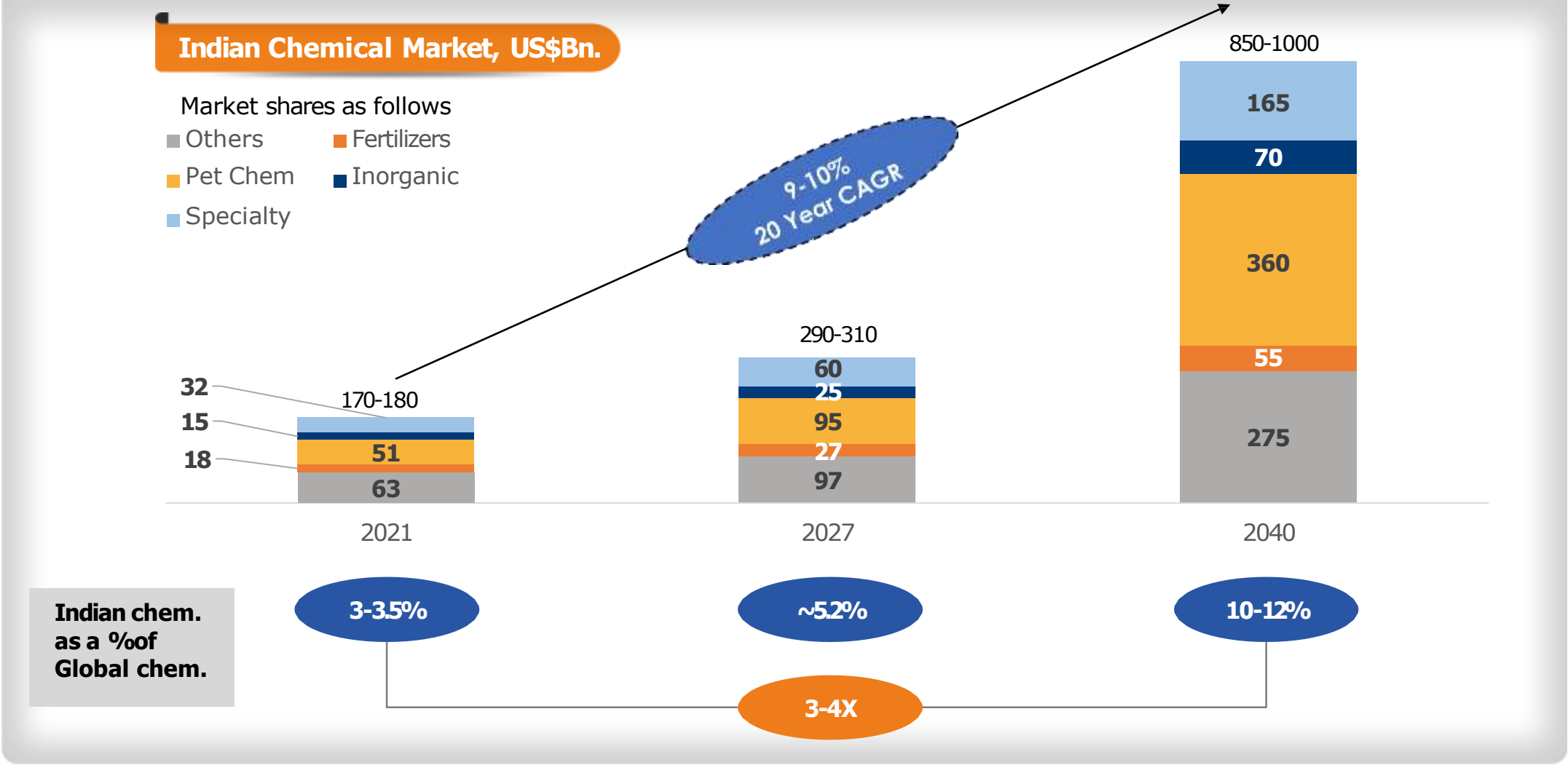
The largest eHealth segments will be Epharmacies and eDiagnostics



In 10 years, eHealth is still expected to be a relatively small segment as compared to other tech enabled sectors. eHealth GMV currently stands at USD1.5bn vs FoodTech at USD4bn and retail at USD36bn

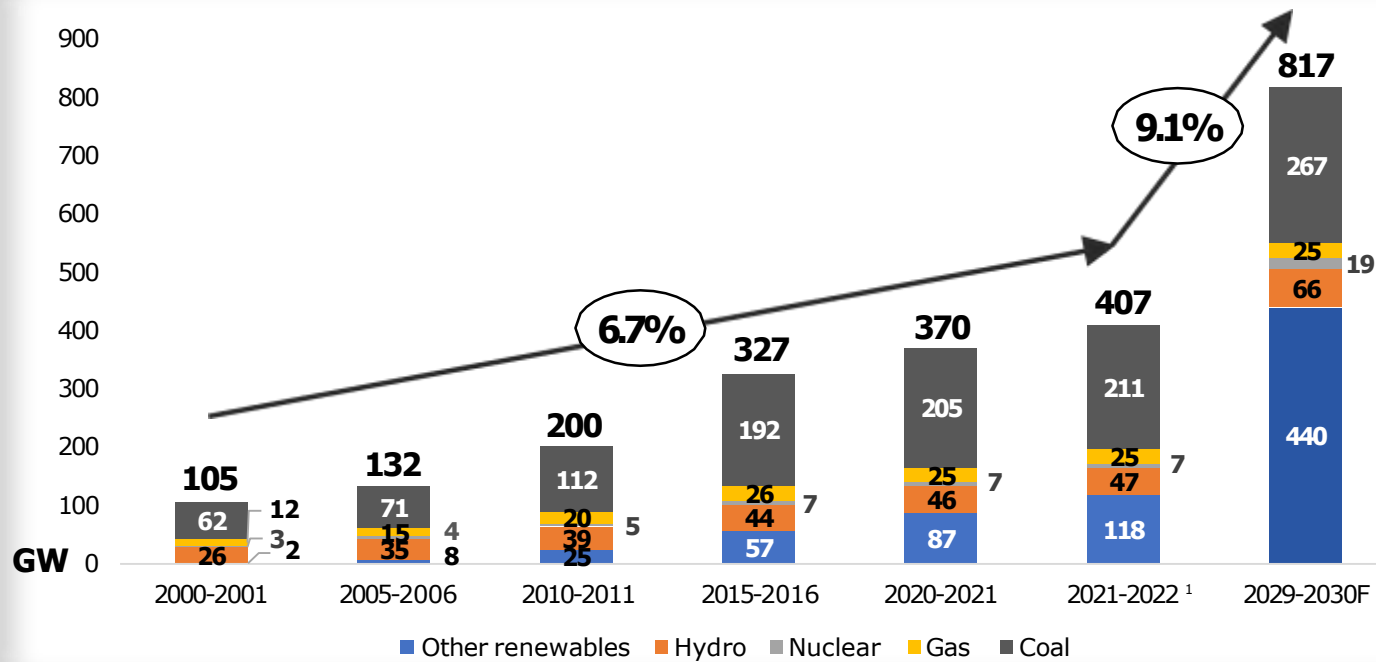
Global chemicals supply chains shifting to India

Indian expected to become a \$850-1000Bn. Chemical market by 2040, taking 10-12% share of the global chemical market



India's energy mix is dominated by coal

Significant scale up in renewable capacities expected



India has set a long-term climate target to reach Net Zero by 2070 at COP26

Emission intensity of the GDP to be reduced by 45% by 2030



Several government initiatives including ethanol and bio-diesel blending in fuels, use of bio-gas, renewable energy (solar, hydrogen)

As of September 30, 2022

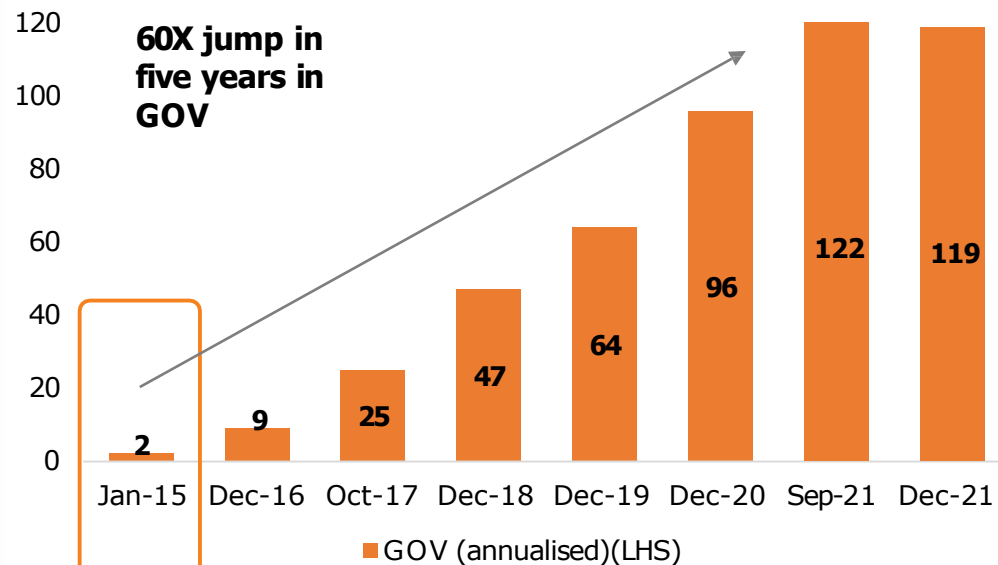
Note: Gas included diesel capacity, which has been between 1-2 GW; protection does not include storage systems, which is projected to be ~37 GW by 2029-2030.

Source: Arthur D. Little, Ministry of Power, International Energy Association, Central Electricity Authority; COP26 – The UN Climate Change Conference.

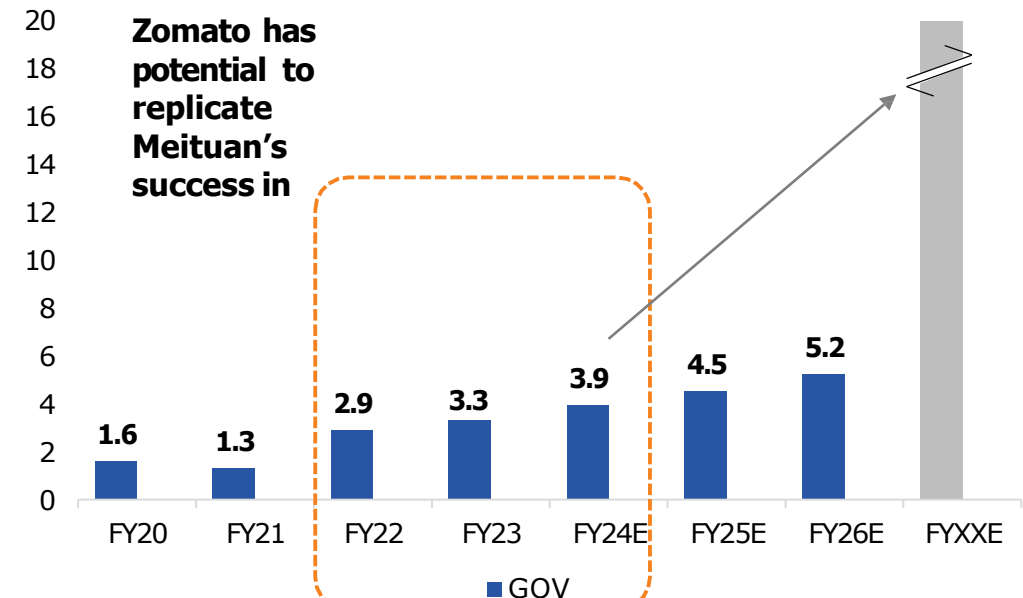


Meituan in China was similar in GOV in 2015 where Zomato is today

Meituan – evolution in GOV and valuation (US\$ bn)



Zomato GOV (\$bn)



Sources: UTI Research, Bloomberg

*GOV – Gross Order Value. Total financial value of the food ordered over the platform, including taxes, delivery charges, discounts, but excludes tips in India; FYXXE – represents a future year where Zomato unfolds its real potential



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Presenting

UTI Innovation Fund

An open-ended equity scheme following innovation theme

bringing next generation edge to your portfolio.....!

<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long-term capital appreciation • Investment in equity and equity-related instruments following innovation theme <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>Scheme</p>  <p>RISKOMETER Investors understand that their principal will be at Very High Risk.</p>	<p>Nifty 500 TRI</p>  <p>RISKOMETER Benchmark riskometer is of Very High risk.</p>
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Product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Experienced Research Team



Vetri Subramaniam
Chief Investment Officer



Ajay Tyagi, CFA
Head of Equity &
Fund Manager



Ankit Agarwal
Fund Manager

Securities Research Team



Sachin Trivedi
Head of Research &
Fund Manager



Kamal Gada
Fund Manager &
Research Analyst
Pharma, Chemicals



Preethi R S
Fund Manager &
Research Analyst
Financials



Parag Chavan
Deputy Head of Research
Metals & Mining, Real Estate,
Consumer Durables, Paints



Nitin Jain
Research Analyst
IT, Internet Sector, Oil & Gas,
Telecom, Media & EMS



Vicky Punjabi
Research Analyst
FMCG, QSR, Retail



Deepesh Agarwal
Research Analyst &
Overseas Investments
Industrial, Infra, Power and
Textiles



Nitinn Aggarwal
Research Analyst
Auto OEMs, Auto
Ancillaries & Logistics



Pradnya S. Ganar
Research Analyst
Cement, Aviation, Hotels,
Hospitals and Diagnostics



Suraj Purohit
ESG Analyst

Data as of August 31, 2023. Collective MF work experience of the team is **over 217 Years**. Average work experience of fund managers is **over 14 Years**. Average work experience of research analysts is about **6 Years** (based total work experience in Mutual Fund Industry). Collective overall experience of the team is **over 356 years**.

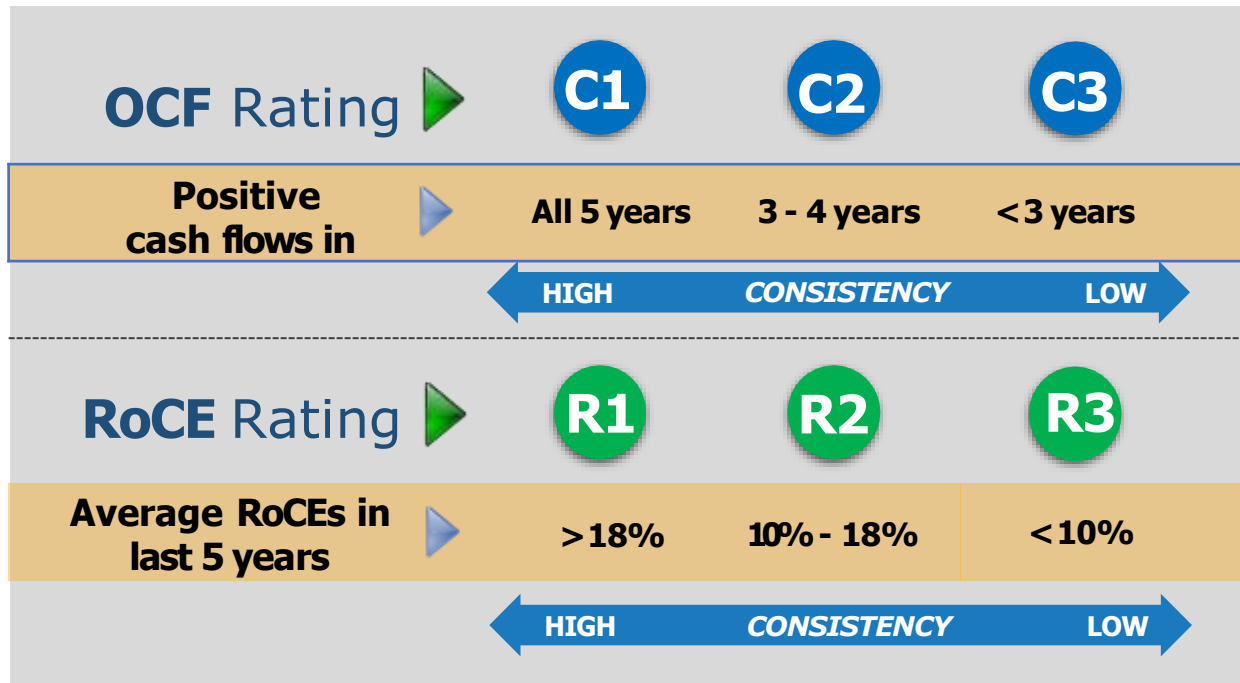
27 MF – Mutual Fund; FMCG – Fast-Moving Consumer Goods; QSR – Quick Service Restaurants; IT – Information Technology; HFC – Housing Finance Company; NBFC – Non-banking Finance Company.

ScoreAlpha: Pragmatic approach to security selection

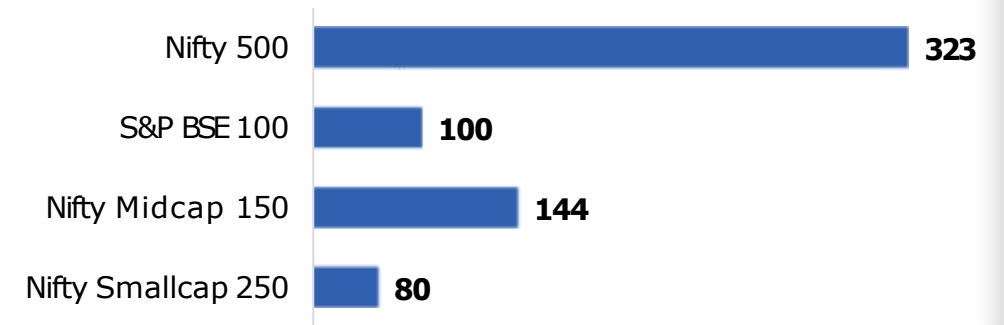
Rating Process

Every company gets an **OCF & RoCE rating**
based on its previous 5 years data

3 TIER RATING SYSTEM



Coverage based on Indices



Operating Cash Flow Tiers (C) - 3 Tiers based on the number of years in which they have generated positive operating cash flows in the previous 5 years (for manufacturing companies). RoCE/ Implied RoE Tiers (R) - 3 Tiers based on the previous 5-year average return on capital (for manufacturing companies & non-lending nonbanking finance companies (NBFCs)) & based on the previous 5-year average return on asset for banks & NBFCs (including housing finance companies).

Market Capitalisation: Definition of Large Cap, Mid Cap and Small Cap: As per the SEBI circular SEBI/HO/IMD/DF3/CIR/P/2017/114 of Oct 06 2017 a definition has been provided of large cap, mid cap and small cap as follows. a) Large Cap: 1st - 100th company in terms of full market capitalization b) Mid Cap: 101st - 250th company in terms of full market capitalization c) Small Cap: 251st company onwards in terms of full market capitalization.

All data as of August 31, 2023



INNOVATION

- Companies that use innovation to enhance productivity
- Companies that are involved in emerging technologies E.g: clean tech, which have positive environmental and social impact
- Early adopters of technology or innovative processes that disrupt incumbents



GROWTH

- Companies having significant potential for growth
- Companies that have demonstrated track record of developing the market and/or gaining market share











QUALITY

- Focus on companies that are market leaders, robust business model, quality management, and corporate governance
- Financial strength of the company, unit economics and ability to sustain growth
- Significant entry barriers and network effects

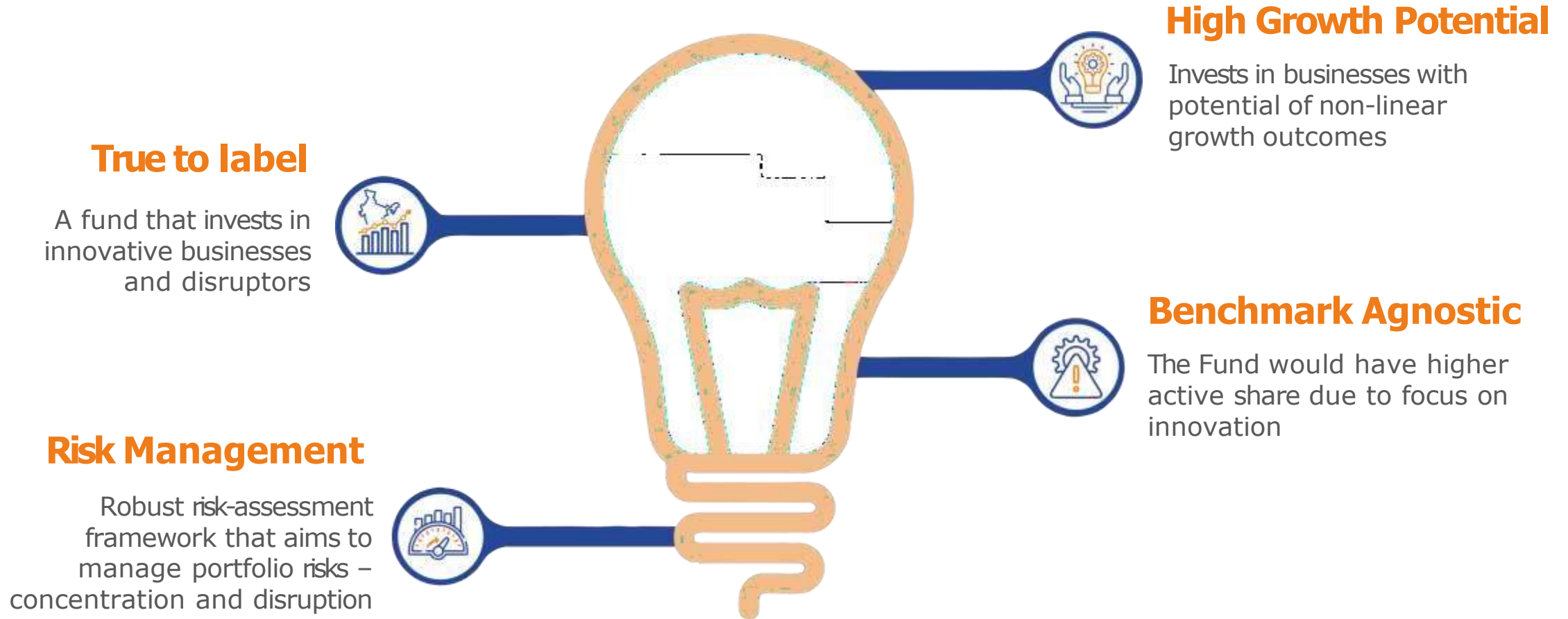
Innovation creates a virtuous cycle leading to greater social/environmental good and shareholder value



Fund Snapshot

Scheme Name	» UTI Innovation Fund															
Type of Scheme	» An open-ended equity scheme following innovation theme															
Investment Objective	» The scheme intends to provide medium to long-term capital appreciation through investment primarily in growth and innovation-oriented equity and equity-related instruments. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.															
Asset Allocation	<table><tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocation (% of total assets)</th><th rowspan="2">Risk Profile</th></tr><tr><th>Minimum</th><th>Maximum</th></tr><tr><td>Equity & equity related instruments following growth and innovation-oriented theme</td><td>80%</td><td>100%</td><td>Very High</td></tr><tr><td>Debt and Money Market Instruments</td><td>0%</td><td>20%</td><td>Low to Medium</td></tr></table>	Instruments	Indicative Allocation (% of total assets)		Risk Profile	Minimum	Maximum	Equity & equity related instruments following growth and innovation-oriented theme	80%	100%	Very High	Debt and Money Market Instruments	0%	20%	Low to Medium	
Instruments	Indicative Allocation (% of total assets)		Risk Profile													
	Minimum	Maximum														
Equity & equity related instruments following growth and innovation-oriented theme	80%	100%	Very High													
Debt and Money Market Instruments	0%	20%	Low to Medium													
Load Structure	» Entry Load: Nil Exit Load: 1% if redeemed/switched out within 12 months from the date of allotment, Nil thereafter.															
Fund Manager	» Mr. Ankit Agarwal															
Benchmark	» Nifty 500 TRI															
Minimum Application Amount	» Initial Purchase: ₹5,000 and in multiples of ₹1 Additional Purchase: ₹1,000 and in multiples of ₹1/-															

Why invest in UTI Innovation Fund?





Investors looking for a true to label innovation fund which is benchmark agnostic and backed by research expertise



Investors seeking relatively high growth potential and willing to ride the underlying waves of innovation



Investors may invest through lump sum or staggered (SIP/ STP) allocation and with a long-term horizon





NFO Period

NFO Open Date
September 25, 2023

NFO Close Date
October 09, 2023

Allotment Date
October 13, 2023

Scheme Reopening
October 18, 2023

UTI Innovation Fund	Scheme	Nifty 500 TRI
<p>An open-ended equity scheme following innovation theme</p>		
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> Long-term capital appreciation Investment in equity and equity-related instruments following innovation theme <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	 <p>RISKOMETER Investors understand that their principal will be at Very High Risk.</p>	 <p>RISKOMETER Benchmark riskometer is at Very High risk</p>

Product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

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REGISTERED OFFICE: UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Phone: 022 – 66786666. UTI Asset Management Company Ltd (Investment Manager for UTI Mutual Fund) Email: invest@uti.co.in. (CIN-L65991MH2002PLC137867). For more information, please contact the nearest UTI Financial Centre or your AMFI/NISM certified UTI Mutual Fund Distributor (MFD) for a copy of the Statement of Additional Information, Scheme Information Document and Key Information Memorandum cum Application Form.

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



Thank You