

NFO PERIOD

31<sup>ST</sup> JAN - 14<sup>TH</sup> FEB, 2025

# CLICK. SWIPE. CONSUME.

Invest in what always matters

Presenting

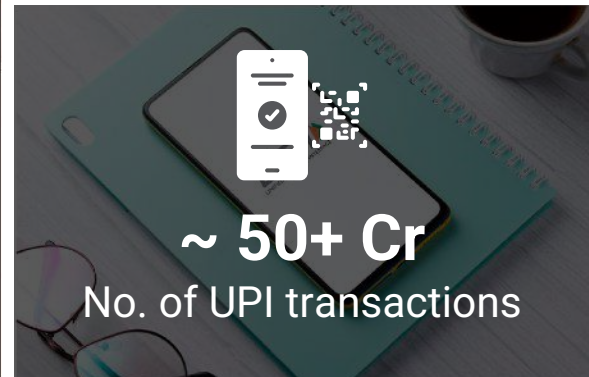
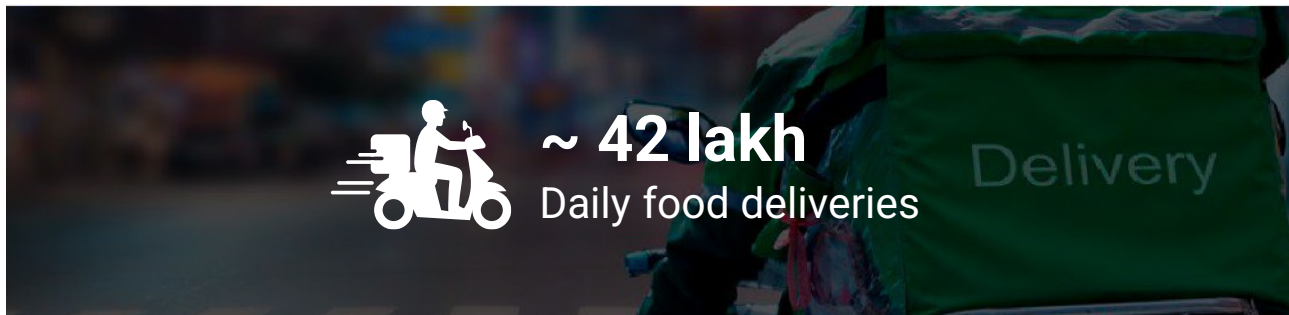
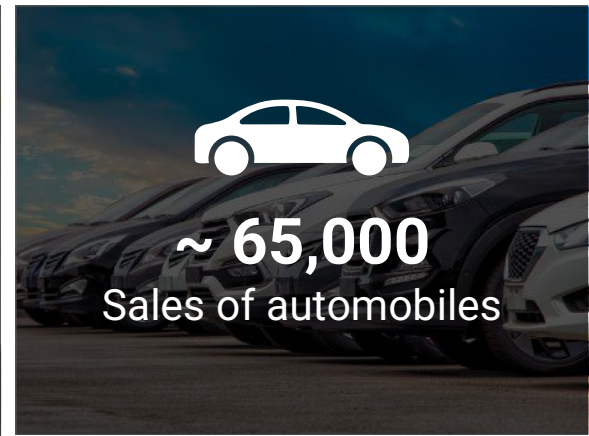
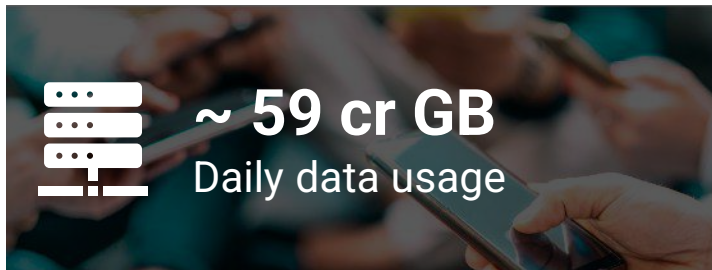
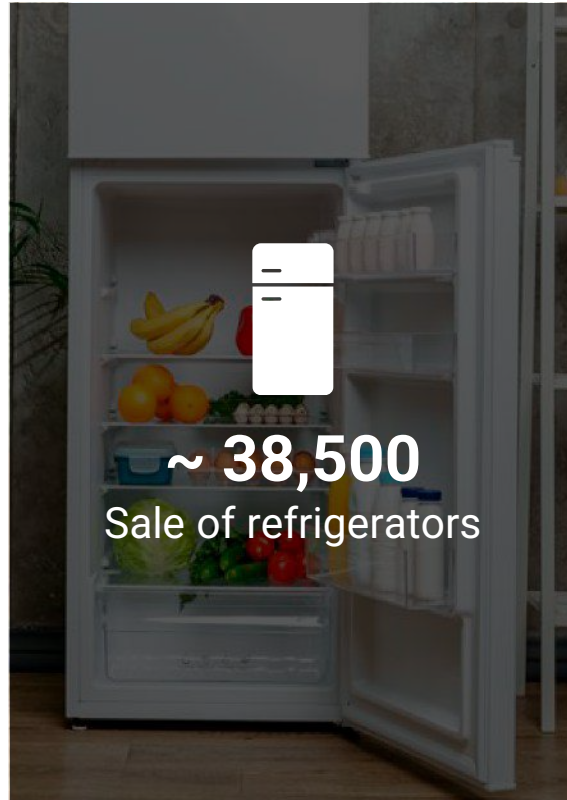
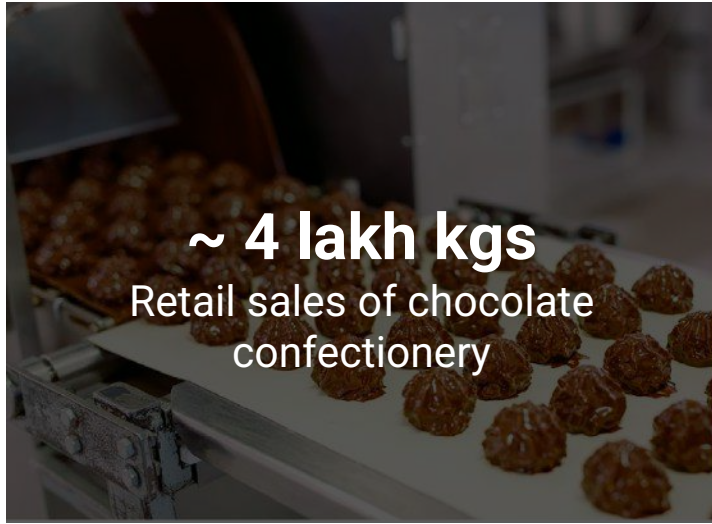
# Edelweiss Consumption Fund

(An open-ended equity scheme following consumption theme)





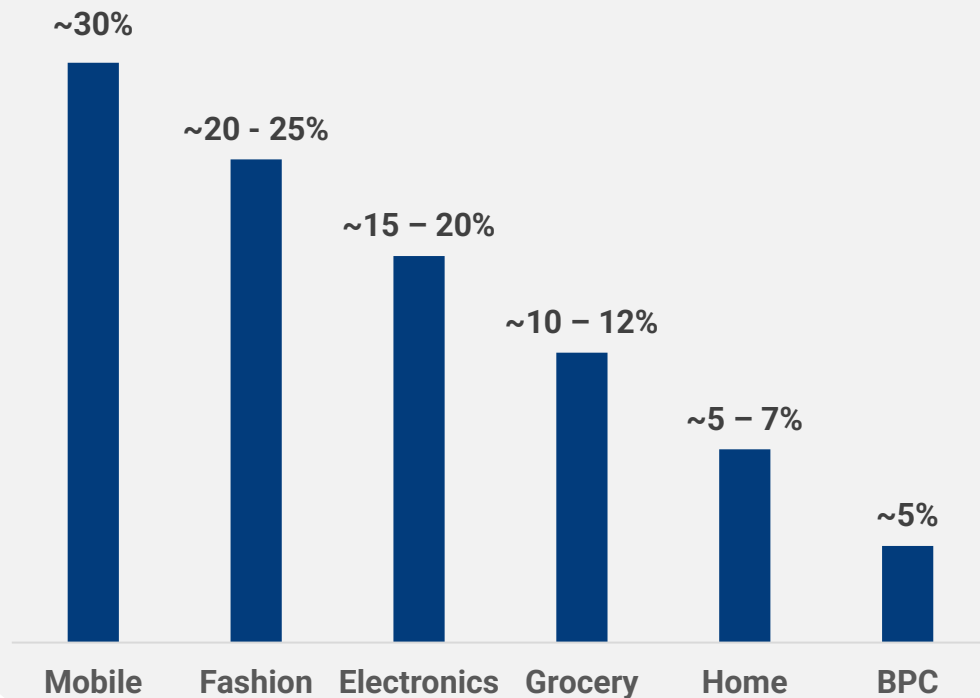
# Consumption Unplugged: A day in India



# Pulse of India's consumption during festivities

## What India buys the most during festive season?

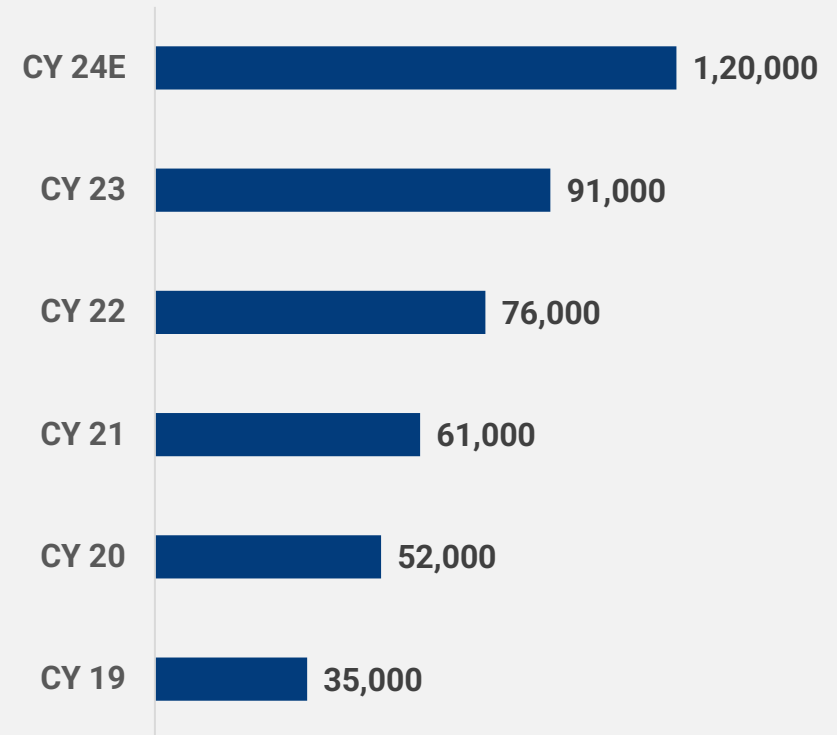
Data showing contribution of various e-commerce categories festive sales



Source: Redseer Research & Analytics. Data based on 2023 festive trends. BPC = Beauty and Personal Care











## How much India spends on festive shopping?

Data showing e-commerce merchandise value in cr. during festive season (Oct to Dec)



Source: Redseer

# Among the top, fastest growing consumer market

Country	# Consumers by 2030	# Consumers in 2024	% Change from 2024
 China	110 Cr	92.4 Cr	+15%
 India	<b>77.3 Cr</b>	<b>52.9 Cr</b>	<b>+46%</b>
 USA	34.8 Cr	33.5 Cr	+4%
 Indonesia	15.8 Cr	12.5 Cr	+27%
 Brazil	13.6 Cr	12.5 Cr	+9%
 Russia	12.7 Cr	12.7 Cr	0%
 Japan	11.8 Cr	12.2 Cr	-3%
 Pakistan	9.9 Cr	7.6 Cr	+30%
 Mexico	9.2 Cr	8.4 Cr	+9%
 Bangladesh	8.7 Cr	5.5 Cr	+59%

# Rising income to propel consumption growth

Consumption spend in US increased 10X during phase of strong rise in per capita income.

	1960	1980	2023
Per capita income(USD)	3,200	13,390	80,300
Growth in per capita income		4.18x	6.00x
Consumption spend (USD bn)	332	1,751	18,823
Growth in consumption spend		4.3x	9.8x
% of private consumption expenditure to total GDP	59%	61%	69%

... India can witness similar growth in consumption as per capita income rises.

	2023	2030 E
Per capita income (USD)	2,540	5,000
Growth in per capita income	2.23x	
% of private consumption expenditure to total GDP	61%	
Consumption spend (USD bn)	2,176	4,270

Resultant robust opportunities in consumer-focused sectors such as:



Consumer staples



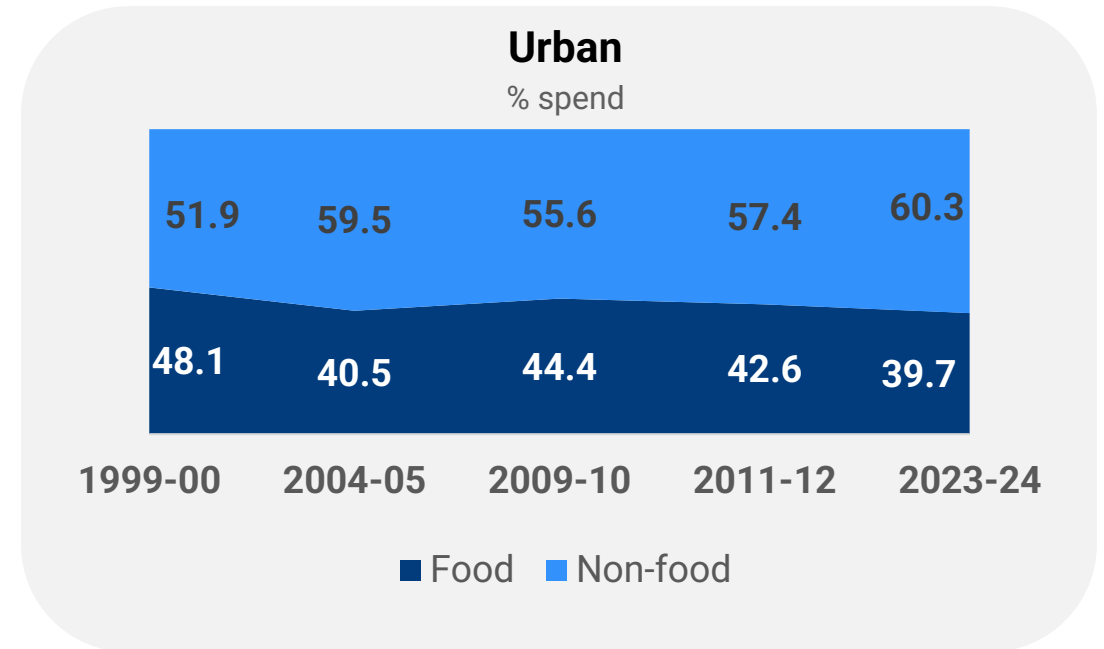
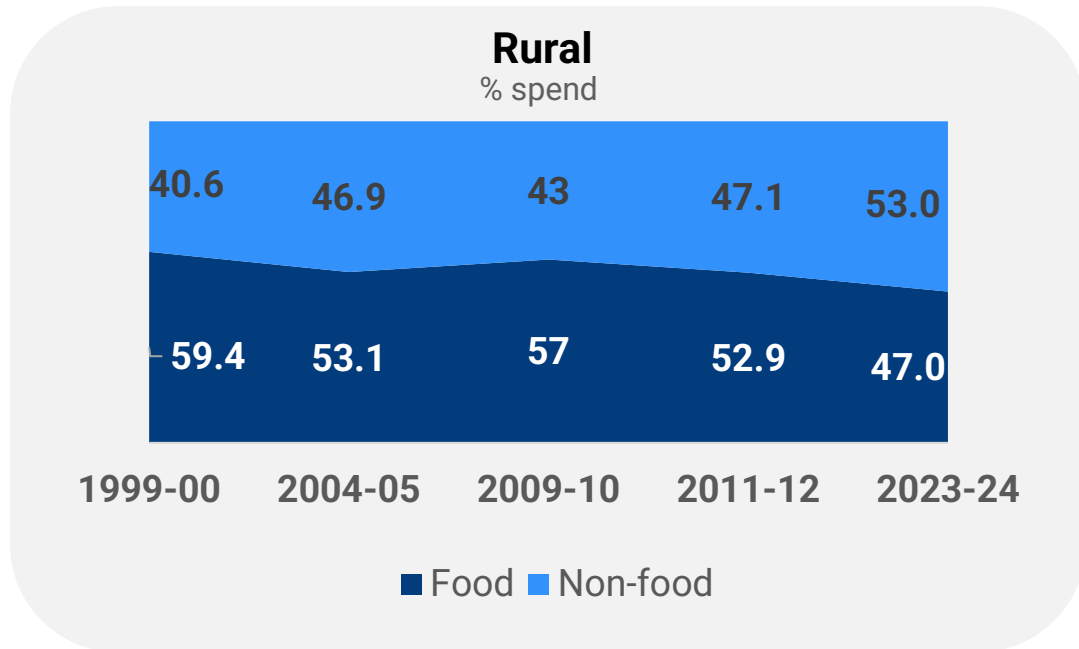
FMCG



Consumer durables

# Rising income increases non-food consumption

Spends on Non-food items is rising in both rural and urban India

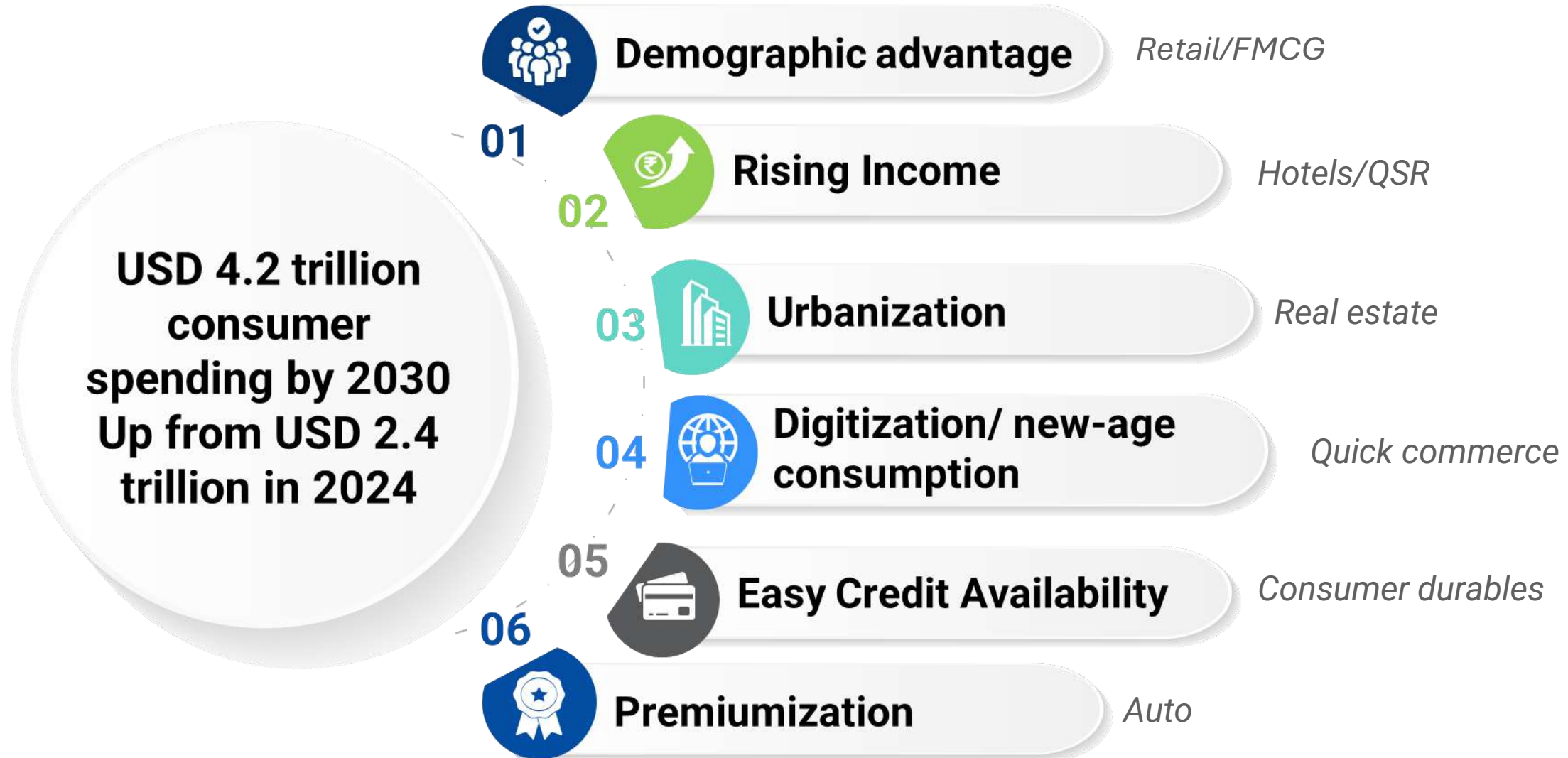


Potential growth in sectors like:





# Catalysts behind India's consumer market





## Demographic Advantage

# Unlocking growth through India's youthful workforce



**28 yrs**

Median age vs China 39yrs,  
US 38 yrs.



**31%**

India's dependency ratio by  
2031, down from 47% in  
2023



**100 Cr**

Working-age (15-64 years)  
population by 2030



**1/5<sup>th</sup>**

of global workforce by 2030



**42%**

Labour force participation of  
women in 2024, up from 23%  
in 2018





### Silent Gen (1928–1945)



~1% (~1.4 cr)

Highly conservative, risk-averse, health-centric

Television, newspapers

Religious items, health-related products

Healthcare, religious activities, family support

### Baby Boomers (1946–1964)



~8% (~11 cr)

Conservative, loyal, focus on healthcare

Traditional media, WhatsApp

Local markets, value-for-money products

Healthcare, home improvements, family obligations

### Gen X (1965–1980)



~18% (~24.8 cr)

Work-focused, family-oriented, value-driven

Facebook, news portals

Brick-and-mortar stores, trusted brands

Real estate, education, family needs

### Millennials (1981–1996)



~33% (~46.9 cr)

Tech-savvy, aspirational, entrepreneurial

Amazon, Flipkart, LinkedIn

Subscription models, premium brands

Gadgets, premium brands, dining, travel

### Gen Z (1997–2012)



~40% (~55.2 cr)

Digital-first, socially conscious, eco-aware

Social media like Instagram, Snapchat, TikTok

E-commerce, personalized products

Experiences, gaming, eco-friendly goods, fashion

Population Share

Key Traits

Platforms

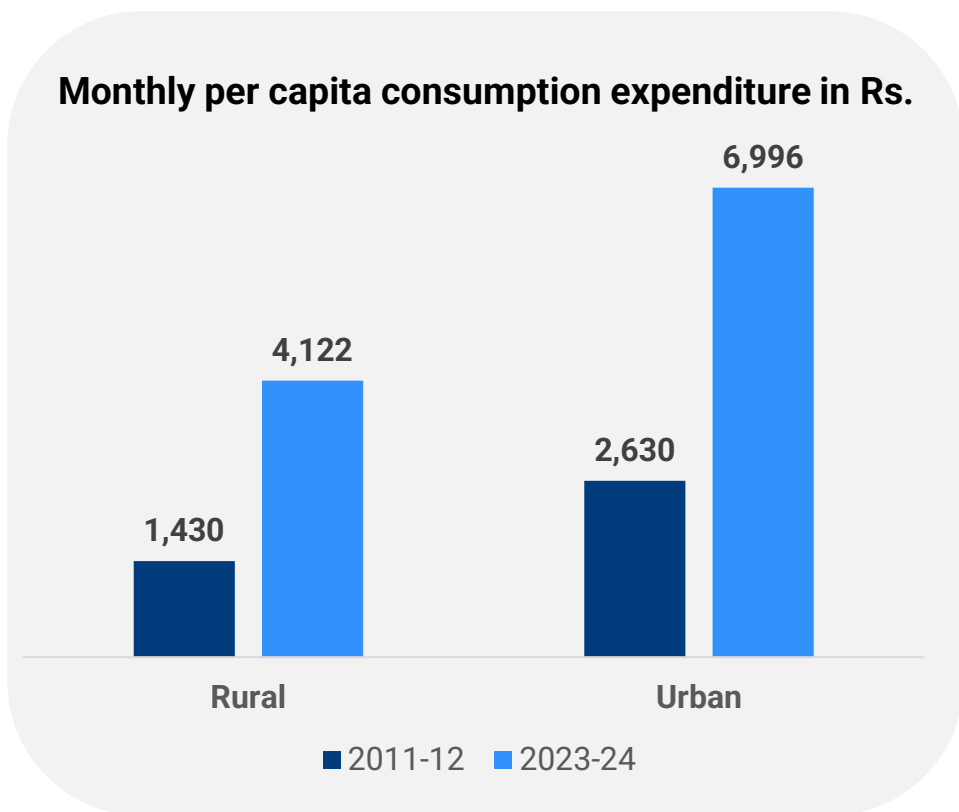
Shopping

Spending Areas

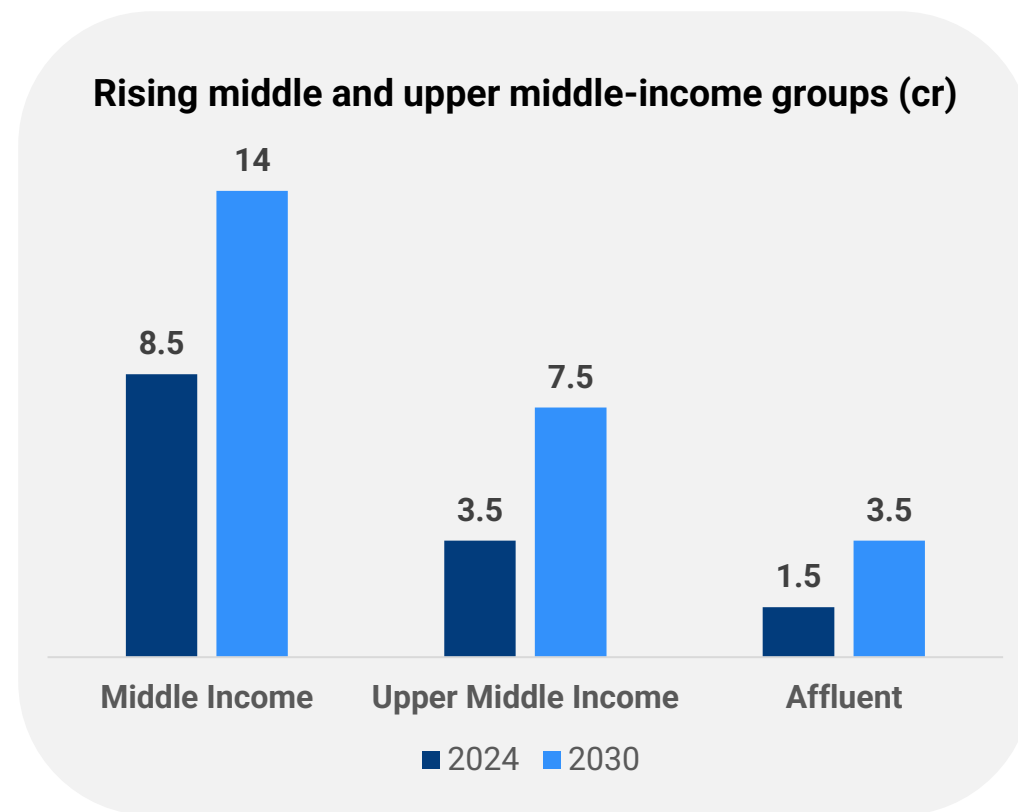


# Rising income Driving a transformative wealth effect

## Trend of rising spends



## 11.5 Cr incremental households to witness significant expansion in their income



Source: CLSA, United Nations World Population Prospects, internal analysis, BCG, UBS Wealth report. Middle Income- INR 7.5L- 15L, Upper Middle Income- INR 15L-30L, Affluent- >INR 30L. MoSPI, HCES 2023-24, DAM Capital Research



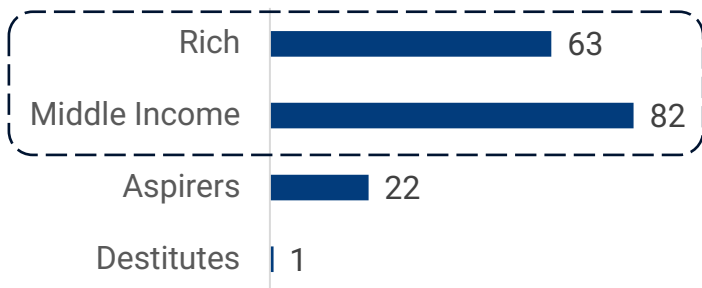
Rising income

# Income growth shifts spending from essentials to experiences

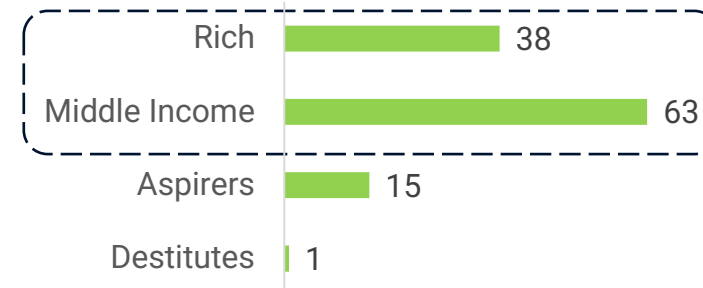
## Projected Household consumption expenditure by 2031 (USD Bn)



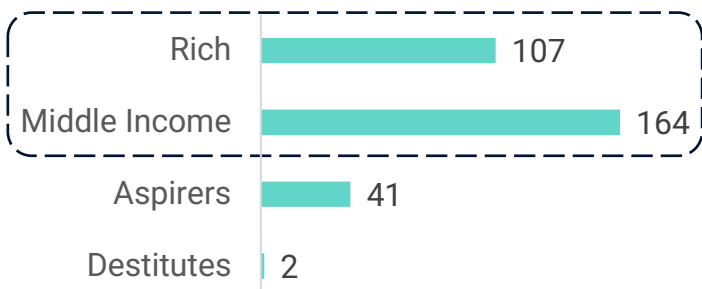
**Food Dining Out**



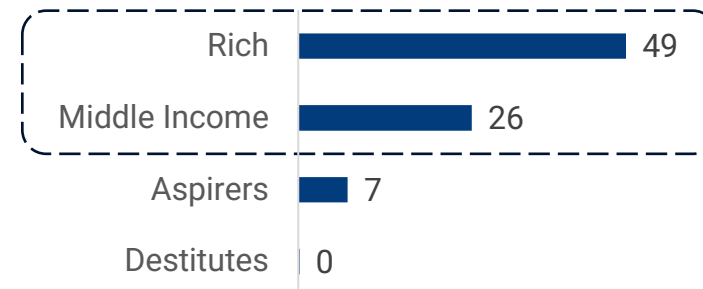
**Entertainment & Recreation**



**Tours & Travels**



**Beauty & Personal Care**





# Urbanization

## Urban and rural shifts reshape India's consumption

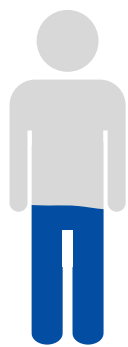
India is projected to add **30cr urban residents** by 2050, becoming one of the fastest urbanizing nations globally.

### Urban population proportion

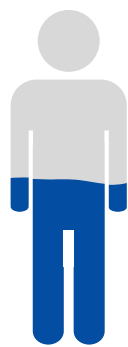
28%

40%

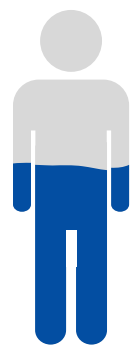
50%



2001








2024



2040

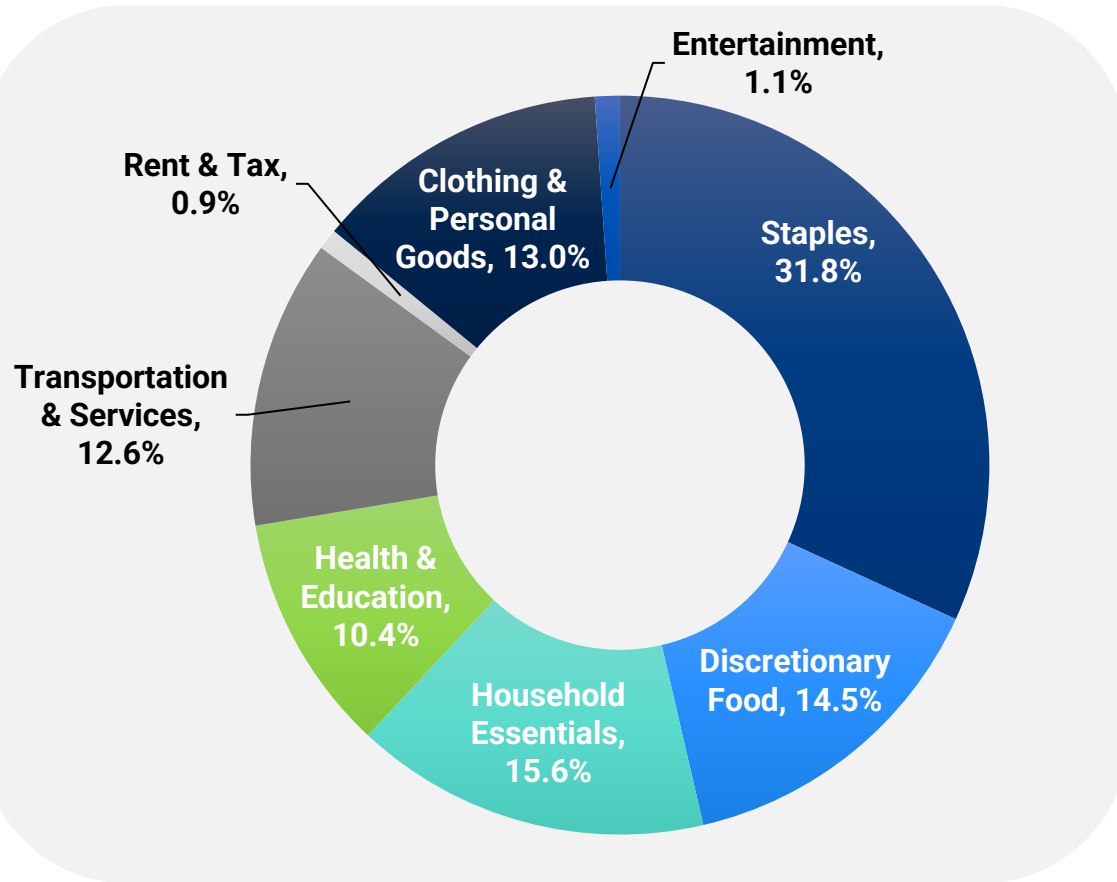
### Share of Consumption Expenditure by Geographic Cluster

	2020-21	2030-31
 Metro	14%	17%
 Niche cities	13%	14%
 Rest of Urban	17%	14%
 Developed rural	15%	20%
 Rest of rural	42%	36%

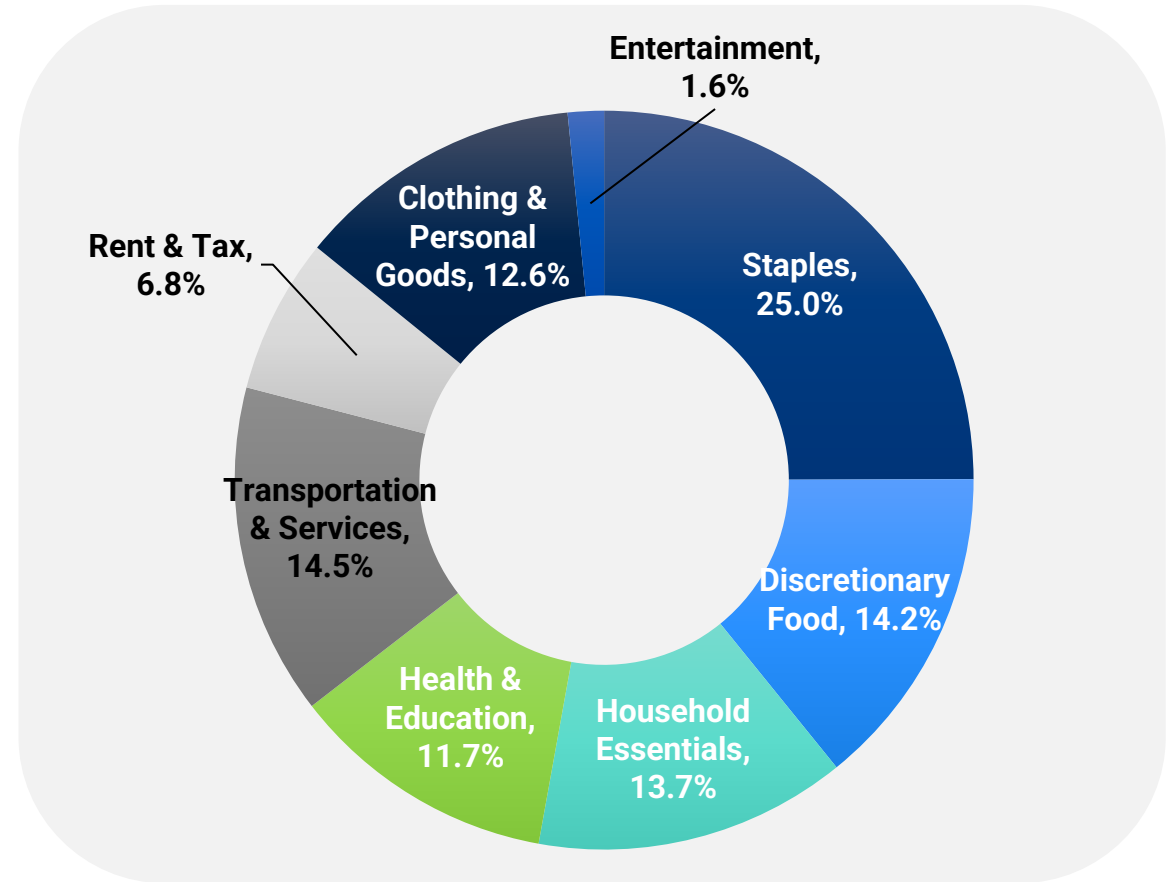




### Rural



### Urban





# Digitization/ New-age consumption India's E-economy



**90cr**

Internet users in 2024, 2<sup>nd</sup> largest online market globally



**60%**

of new internet users from Rural areas



**100cr**

Smartphone users by 2027



**70%**

Of e-commerce transactions are now digital



**50cr**

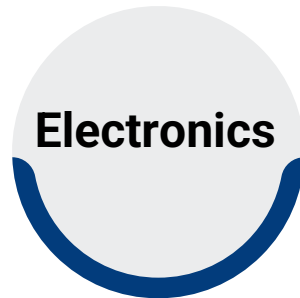
online shoppers in 2024



**63%**

of Tier 2 and Tier 3 online orders in 2024

## Popular Categories



Electronics



Fashion



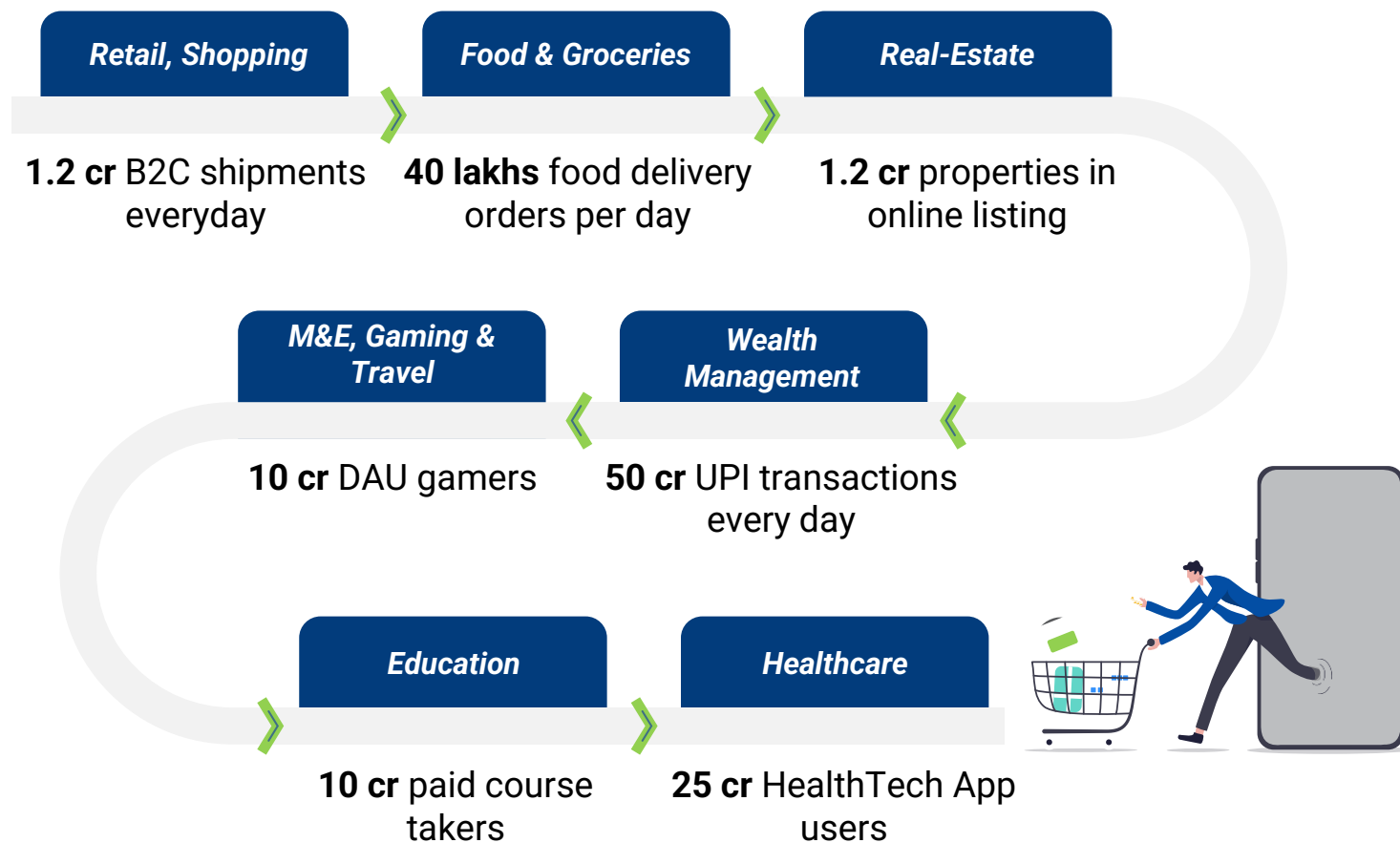
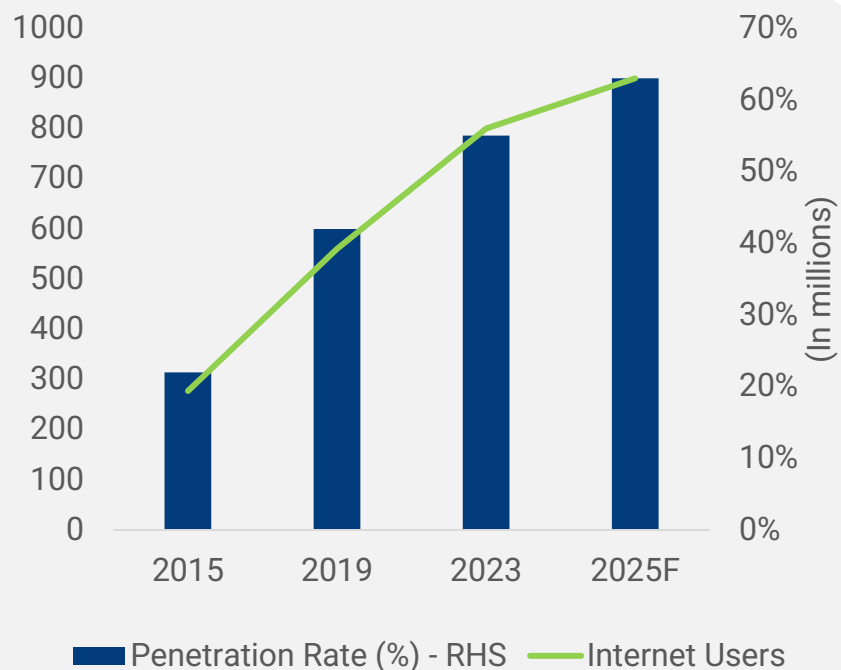
Groceries



Home  
essentials



Reach of internet continues to expand.





# Easy Credit Availability

## Credit expanding consumption market size

**USD 1.2 trillion**

India's retail credit market in 2024 – 2X growth since 2018

**50 %**

Growth in average transaction value of credit cards in last 5 years

**BNPL - 15% of online transactions** in India, growing by **60% annually**

**USD 515 billion**

Digital lending market size in 2030, up from USD 110 billion in 2024

### Boost to spends – online and offline.



**Electronics**



**Consumer durables**



**Autos**

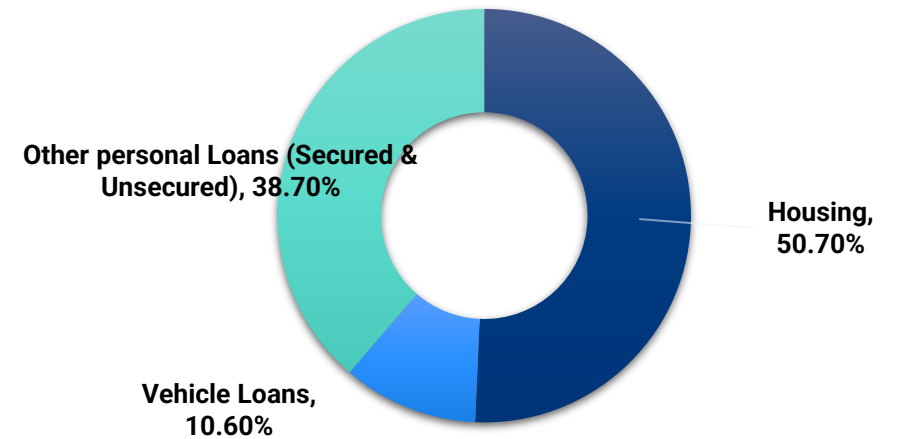


**Real estate**



**Festive discretionary**

### Distribution of personal loans







# Easy Credit Availability

## Credit is driving consumption spends



### Smartphones

7 out of 10 iPhones are sold on EMIs



### Autos

60% of the 2-Wheeler sales are financed through loans



### Weddings

1 out of 3 weddings are funded via loans



### Electronics

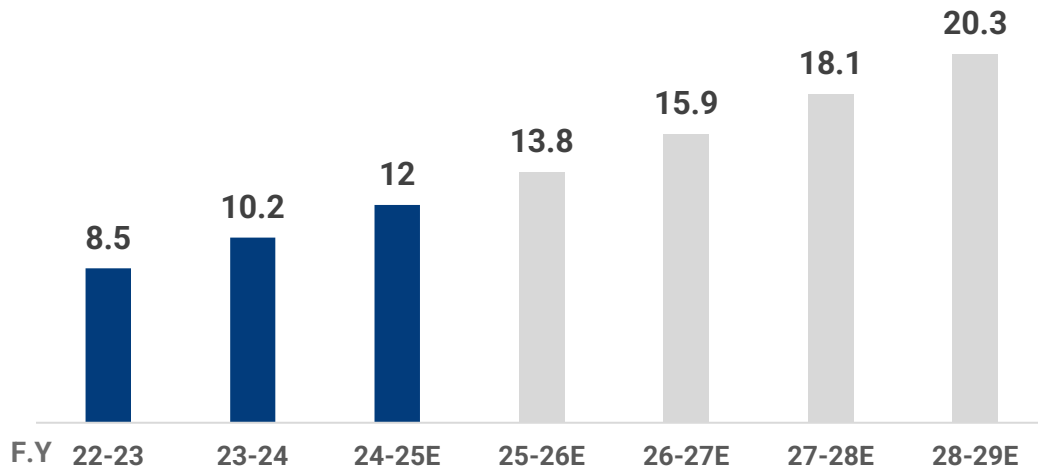
30-35% of the ACs/Refrigerators are financed via EMI



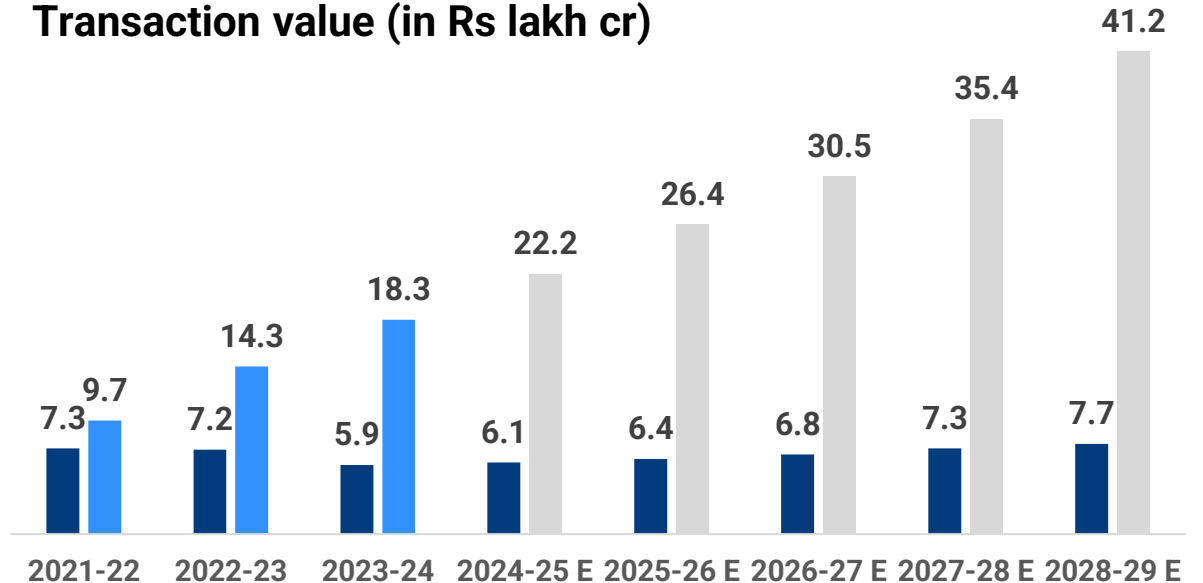
### Education

15-20% of higher education involves financing

### Credit Cards in force (in Cr.)






### Transaction value (in Rs lakh cr)



■ Debit Card ■ Credit Card



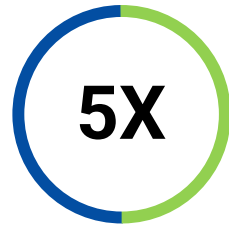
	Stage 1 Mass segment evolution	Stage 2 Upper middle transformation	Stage 3 Affluent emergence
 <b>Mobility</b>	Two-wheeler adoption, value car purchase	Premium compact cars, multiple vehicle ownership, brand conscious	Luxury vehicles, premium SUVs  The SUV segment's market share has risen from <b>23.1%</b> in FY19 to <b>50.3% in FY24*</b>
 <b>Real estate and living</b>	Basic/ affordable housing	Lifestyle housing phase Gated community	Premium luxury housing  Market share of new launches in the luxury segment is at 23%, up from 9% in CY 18
 <b>Fashion retail &amp; shopping</b>	Value-driven, need based seasonal shopping from unorganized market	Mall culture & brand discovery, value chain stores. Mix of online and offline.	Brand & experience focus, fashion-forward.  The Indian apparel and footwear market is expected to grow at a CAGR of 13%, reaching Rs 13.5 lakh cr by 2030.



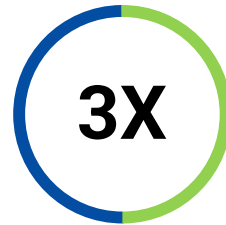
## Market growth in premium segments till 2031



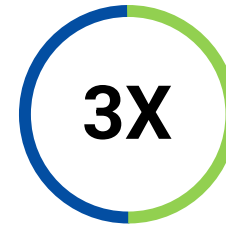
Alcoholic Beverage<sup>^</sup>



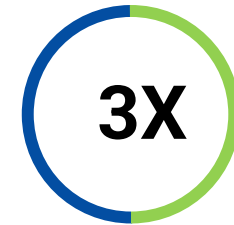
QSR<sup>^</sup>



Apparels<sup>^</sup>



Dining Out<sup>\*</sup>



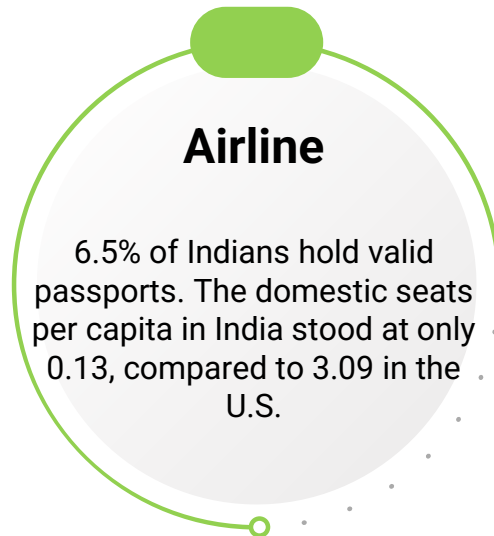
Tours & Travels<sup>\*</sup>

## Key statistics



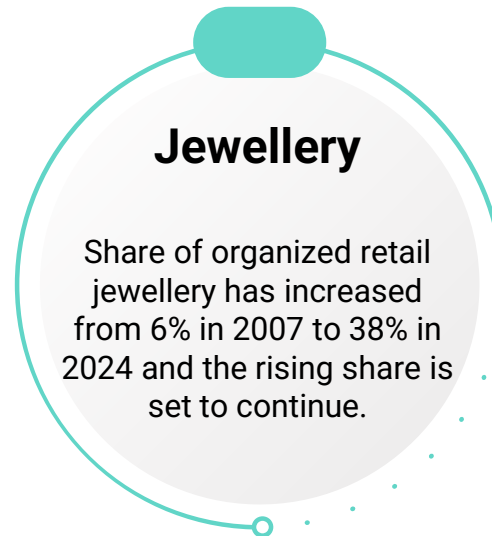
### Capital Market

15% of wealth in India is professionally managed compared to 68% in China



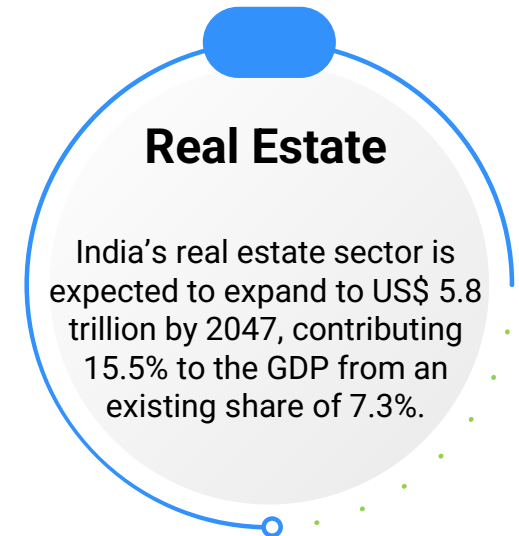
### Airline

6.5% of Indians hold valid passports. The domestic seats per capita in India stood at only 0.13, compared to 3.09 in the U.S.



### Jewellery

Share of organized retail jewellery has increased from 6% in 2007 to 38% in 2024 and the rising share is set to continue.



### Real Estate

India's real estate sector is expected to expand to US\$ 5.8 trillion by 2047, contributing 15.5% to the GDP from an existing share of 7.3%.

# Evolving investment opportunities in consumption

## India

Per capita income- **\$2,540**

Even as consumption evolves, essentials like food and transportation, communication remain key spending areas.

Sector	Weight %
Automobiles & Components	22.05
Food, Beverage & Tobacco	19.96
Telecommunication Services	10.24
Household & Personal Products	9.03
Consumer Services	7.85
Health Care Equipment & Services	5.01
Consumer Discretionary Distribution	4.88
Consumer Durables & Apparel	4.47
Utilities	3.77
Materials	3.39
Transportation	2.42
Media & Entertainment	2.10
Real Estate Management & Development	1.74
Consumer Staples Distribution	1.71
Capital Goods	1.39
<b>Grand Total</b>	<b>100.00</b>

## USA

Per capita income – **\$80,300**

Higher-income countries spend more on recreation and durables, reflecting diversified consumption.

Sector	Weight (%)
Media & Entertainment	22.22
Consumer Discretionary Distribution	16.20
Pharmaceuticals, Biotechnology	15.21
Health Care Equipment & Services	10.90
Automobiles & Components	6.75
Food, Beverage & Tobacco	5.84
Consumer Services	5.45
Equity Real Estate Investment	5.11
Consumer Staples Distribution	4.98
Household & Personal Products	3.06
Telecommunication Services	2.21
Consumer Durables & Apparel	1.61
Real Estate Management & Development	0.42
<b>Grand Total</b>	<b>100.00</b>

Note: For USA Communication, Consumer Discretionary, Consumer Staples, Healthcare and Real estate categories considered from MSCI US Index. For India, Nifty India Consumption considered. Per Capita income is for 2023.



# Edelweiss Consumption Fund

Investment strategy



# Stock Selection Approach

We will adopt an investment-style agnostic approach, focusing on businesses that are either established quality leaders, high-growth champions, or compelling value opportunities.

## Growth Champions:

Mid-cap and small-cap companies with high growth potential due to niche offerings or innovative strategies.

## Quality Leaders:

Established brands with strong market share and pricing power.



## Value Picks:

Companies with strong fundamentals but temporarily undervalued due to market conditions.

The fund will focus on India's diverse consumption landscape, investing across core, emerging, and cyclical themes.



## Core Consumption:

Businesses with consistent demand like FMCG, retail, pharma and consumer durables.

**Consistent Compounders**



## Emerging Consumption:

Companies riding trends like digital consumption, e-commerce, health & wellness, and premiumization.

**Alpha Opportunities**



## Cyclical Consumption:

Companies which are into sectors that are influenced by economic cycles, such as real estate, Auto and Hotels.

**Cyclical Opportunities**

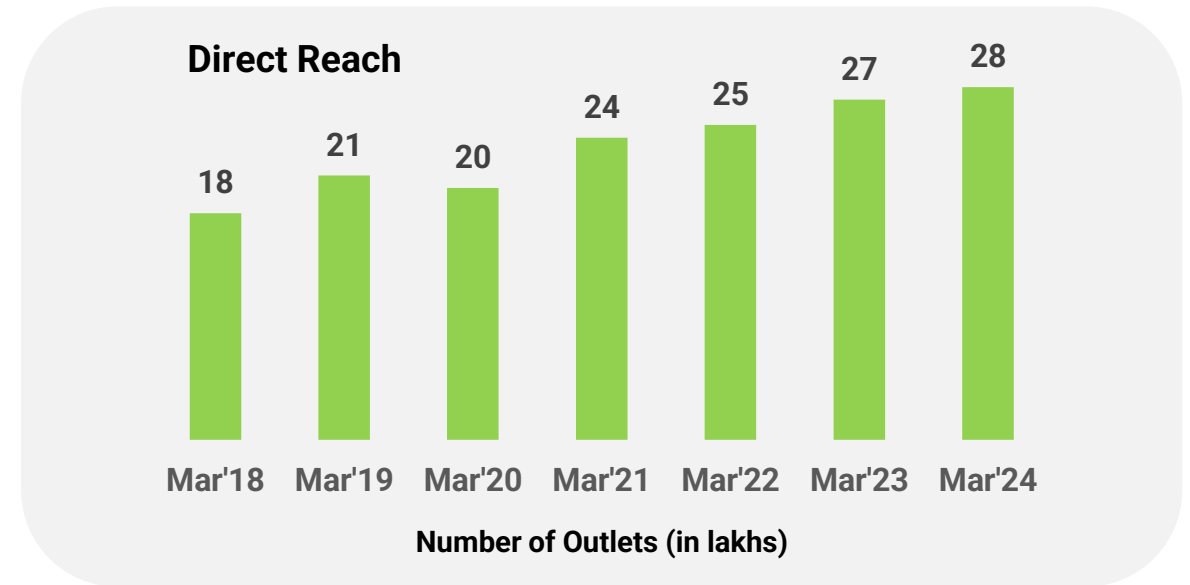
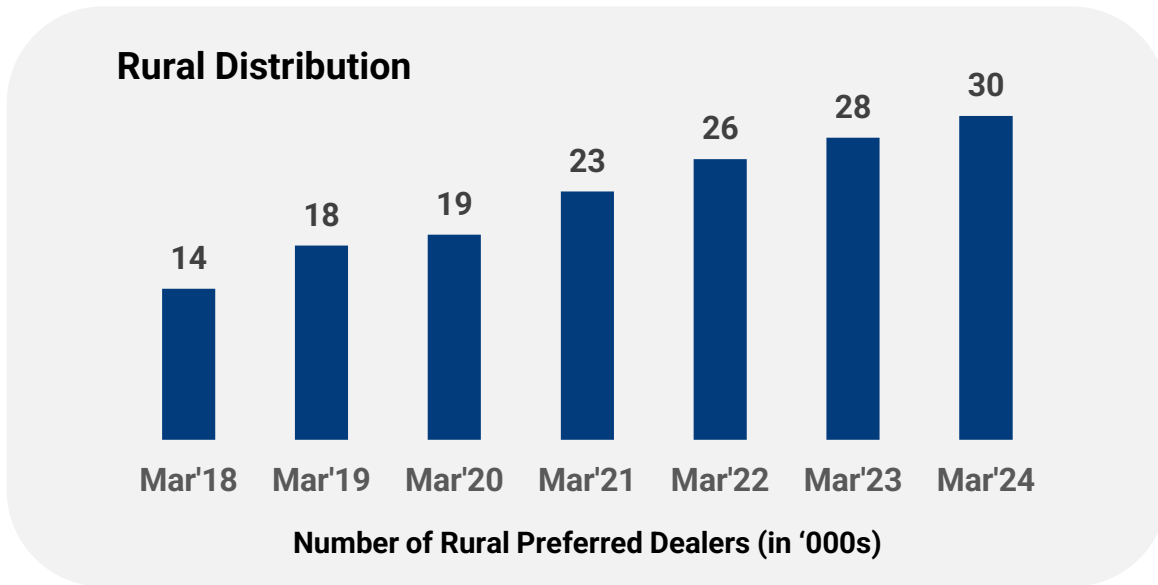
# Core – Britannia Industries Ltd.

## Indian FMCG Market (US \$ Billion)










- One of the leading food companies of India with **100 years of legacy**
- Market **leader in biscuit category** with a 34% market share
- Services 45,000 villages
- **22 new products** launched during FY24
- 2 Power Brands each in 1000, 2000 & 4000 Cr club

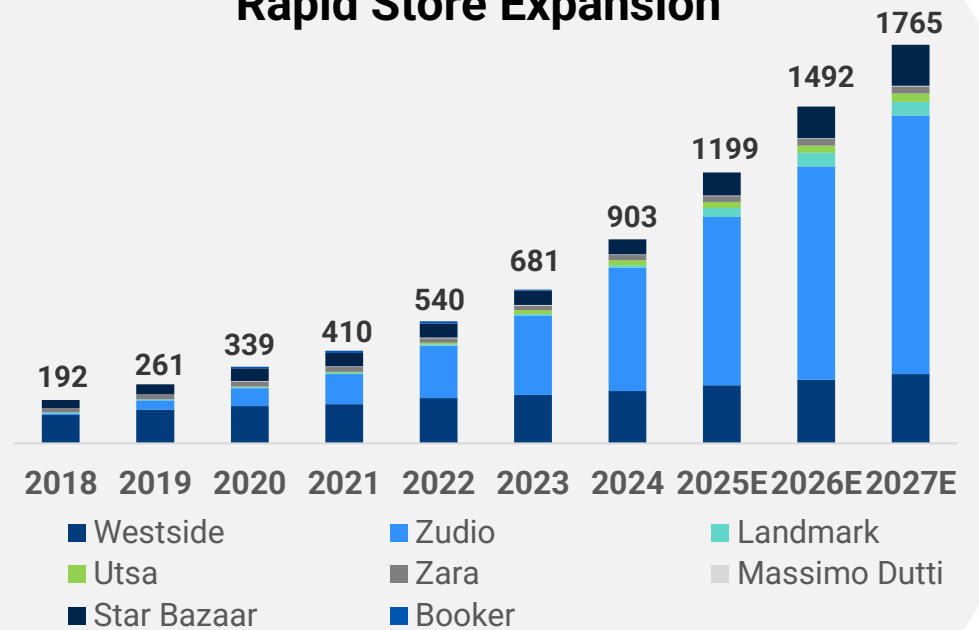
## Sales & Distribution



## Diverse Brand Portfolio

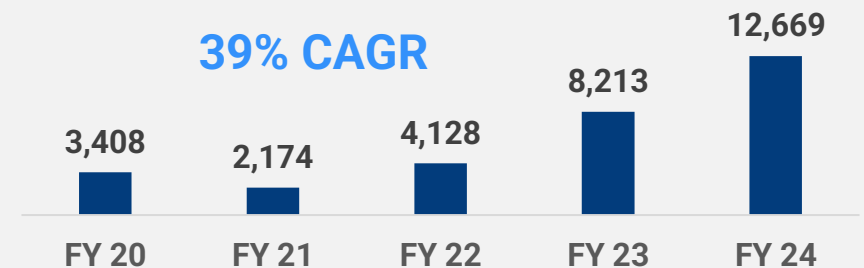
- 
**Zudio**  
 Budget conscious shoppers with pricing under Rs. 999
- 
**Westside**  
 Caters to mid-range segment with products under Rs. 3,000
- 
**Zara**  
 High-end fashion above Rs. 3,000 through a JV
- 
**Utsa**  
 Modern Indian lifestyle destination offering ethnic apparel, beauty products and accessories
- 
**Massimo Dutti**  
 Spanish premium clothing retailer
- 
**Star Bazaar**  
 Modern retailer, Food and grocery retail chain.
- 
**Booker/Value Mandi**  
 Cash and Carry model, offering branded and private label goods

## Rapid Store Expansion



## Revenue (Rs. Cr)

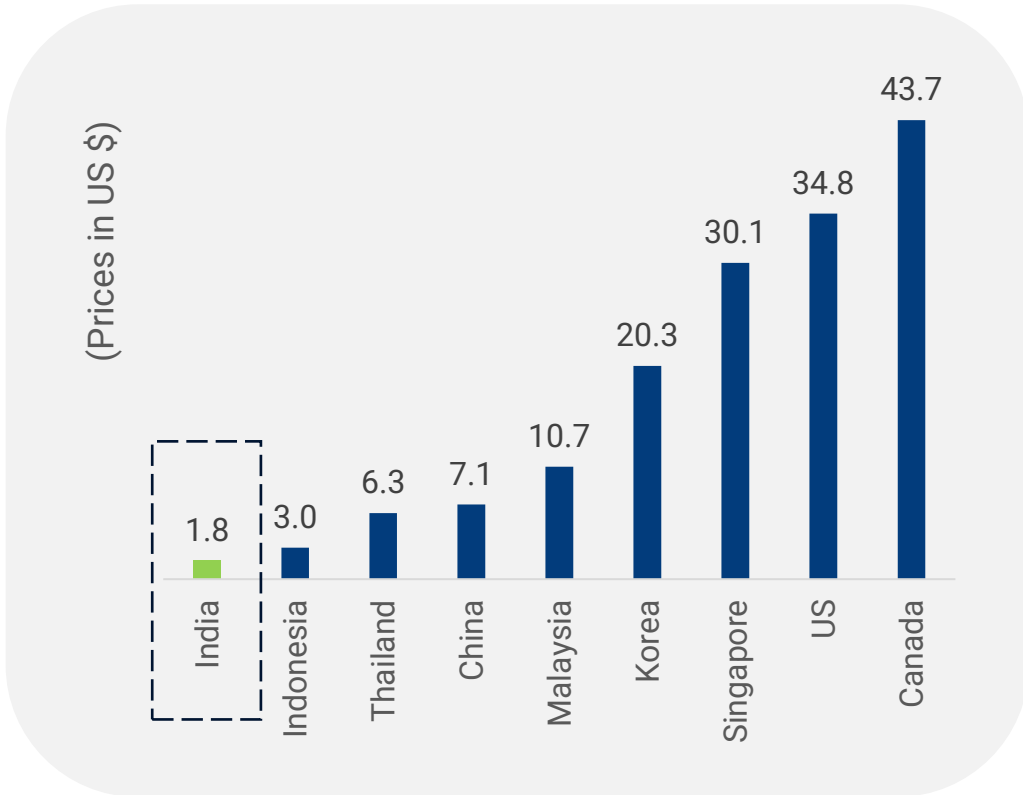
39% CAGR



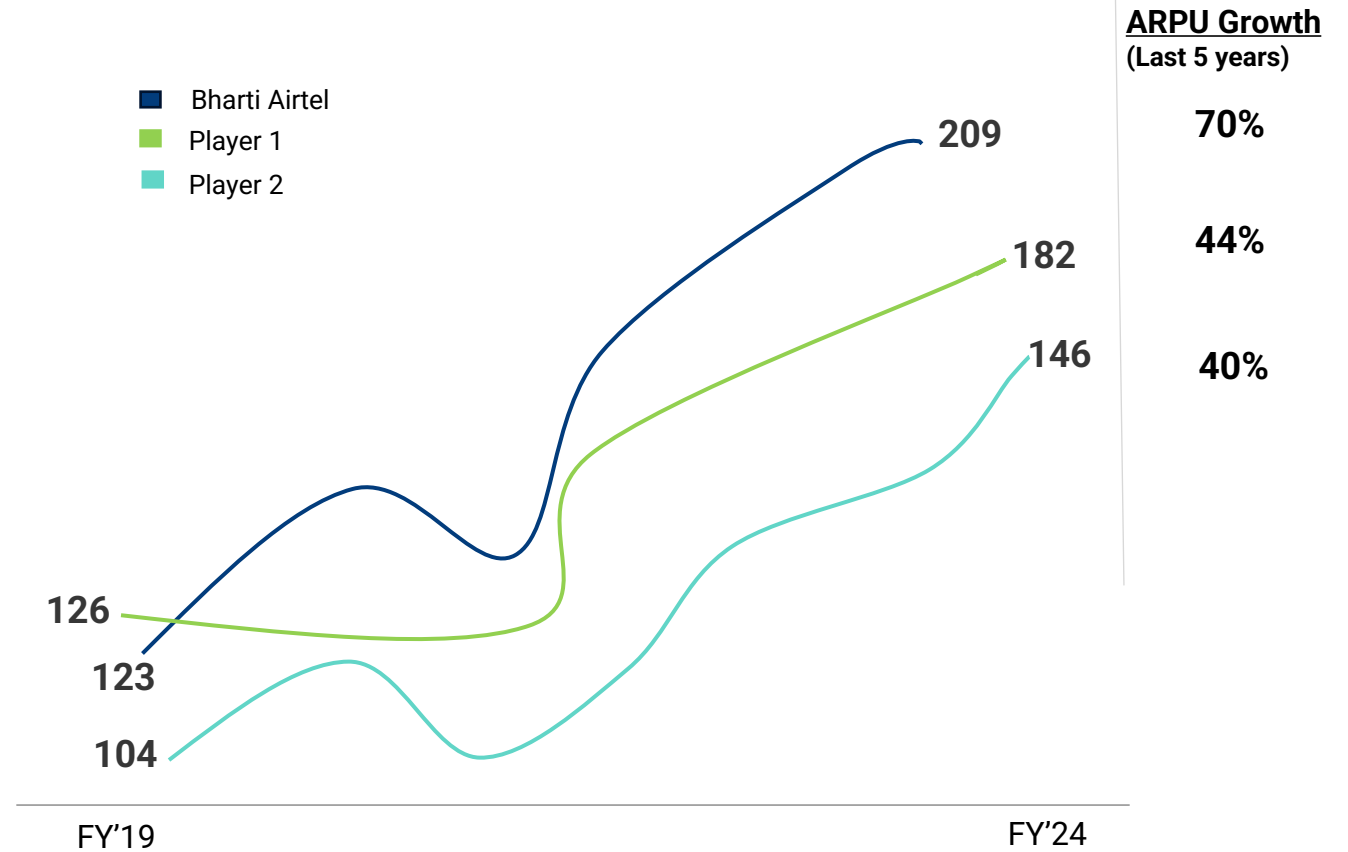
Source: Annual Report, Investor Presentation, Analyst Report. The above mentioned stock may or may not form part of the portfolio and is for illustrative purposes only. The representational logos used does not imply any affiliation or endorsement by the brands. These are for illustration purpose only.

# Emerging - Bharti Airtel Ltd.

## Cheap internet access vs other countries

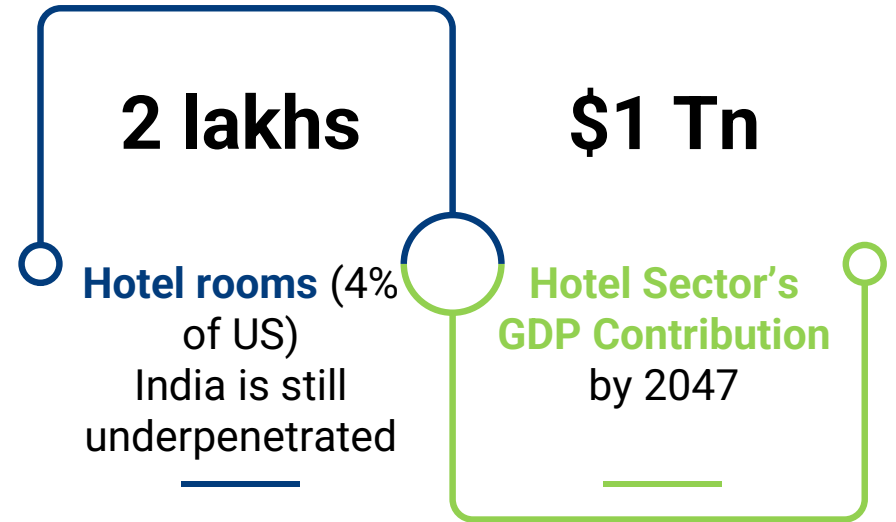
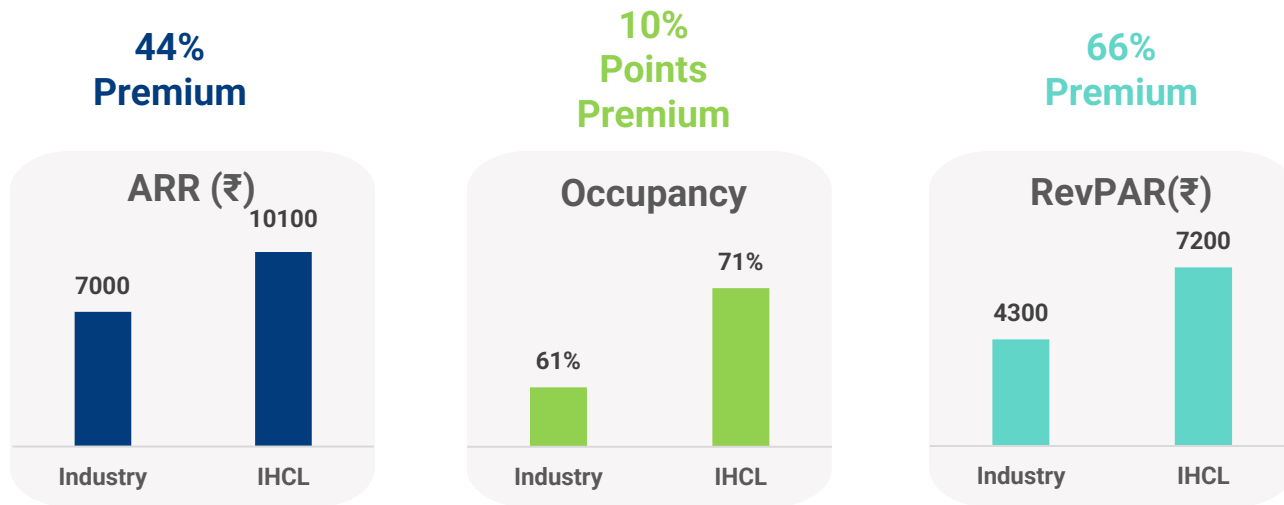


India's low ARPU compared to peers suggests potential for tariff hikes, which will drive future revenue growth.





# Cyclical - The Indian Hotels Company Ltd.



## Hotels Portfolio

Portfolio of 232 Operational Hotels, 118 in Pipeline



## Non- Hotels Portfolio



39 lakh+ orders delivered through Digital Food delivery platform



Airline Catering business with 60% market share

# Cyclical – TVS Motor Company Ltd.

4<sup>th</sup> largest 2-Wheeler manufacturer in the world with presence in 80+ countries.

**5 Cr**

Vehicles on road

**650**

EV related patents

**2.63 Lakh**

Units sold per month (MA) - India

**2000+**

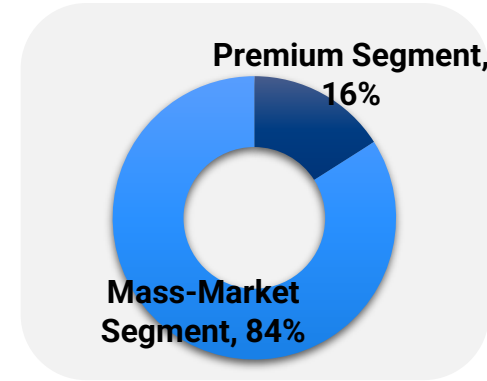
Engineers working on advanced technologies

## EV Leadership

12.5% market share in electric scooter category

Sold **1.45 Lakh units** in FY 24, reflecting 300% Y-O-Y Growth.

## Split of Premiumization and others



- TVS holds **2<sup>nd</sup> position** in premium segment
- **10-15%** Premium industry growth

## Diverse Product Portfolio

### Revenue split in FY 2024

Category	% of Revenue
<b>Motorcycles</b>	<b>41%</b>
Economy	4%
Executive	18%
Premium	19%
<b>Scooters</b>	<b>50%</b>
ICE	39%
EV	11%
Mopeds	8%
3 wheelers	1%

Global reach: Exports to 80+ countries, contributing **23%** of its revenue in FY24

Source: Investor Presentations, ET Online, NSE. MA- Monthly Average. The above mentioned stock may or may not form part of the portfolio and is for illustrative purposes only. The representational logos used does not imply any affiliation or endorsement by the brands.

# Time to invest in consumption theme

## Meaningful Correction in consumption- led stocks

FMCG	3 months return (%)	Auto	3 months return (%)	Consumer Durables	3 months return (%)	Other Consumption	3 months return (%)
Colgate	-29.28	Bajaj Auto	-28.11	Kajaria	-20.87	Asian paints	-29.28
Britannia	-25.62	Hero Moto	-27.23	Whirlpool	-20.55	Avenue Supermart	-28.12
Tata Cons	-23.07	Samvardhana Motherson	-26.26	Rajesh Exp	-19.7	SBI Life	-23.65
Godrej Cons	-22.24	Tata Motors	-22.37	Havells	-15.99	Bajaj Finserv	-20.19
HUL	-20.58	Exide	-17.63	Titan	-13.83	Sobha	-15.65
Nifty 500	-7.59	Nifty 500	-7.59	Nifty 500	-7.59	Nifty 500	-7.59

The stocks mentioned above are only for illustration and the fund may or may not hold the stocks in the portfolio. Past performance may or may not sustain in the future. Returns are in absolute terms. Data as on 31<sup>st</sup> Dec 2024.

# Our philosophy while managing your money

Our **FAIR** investment framework helps in identifying robust and clean businesses available at acceptable prices without being biased toward either value or growth investing styles.



## Forensics

Use forensic framework to check accounting quality, board governance standards and ownership background



## Acceptable Price

Emphasize reasonably priced businesses with earnings power over the medium term, rather than focusing on the short term



## Investment Style Agnostic

Emphasize investing in strong businesses capable of delivering long-term returns, while remaining agnostic to value or growth investing styles.



## Robustness

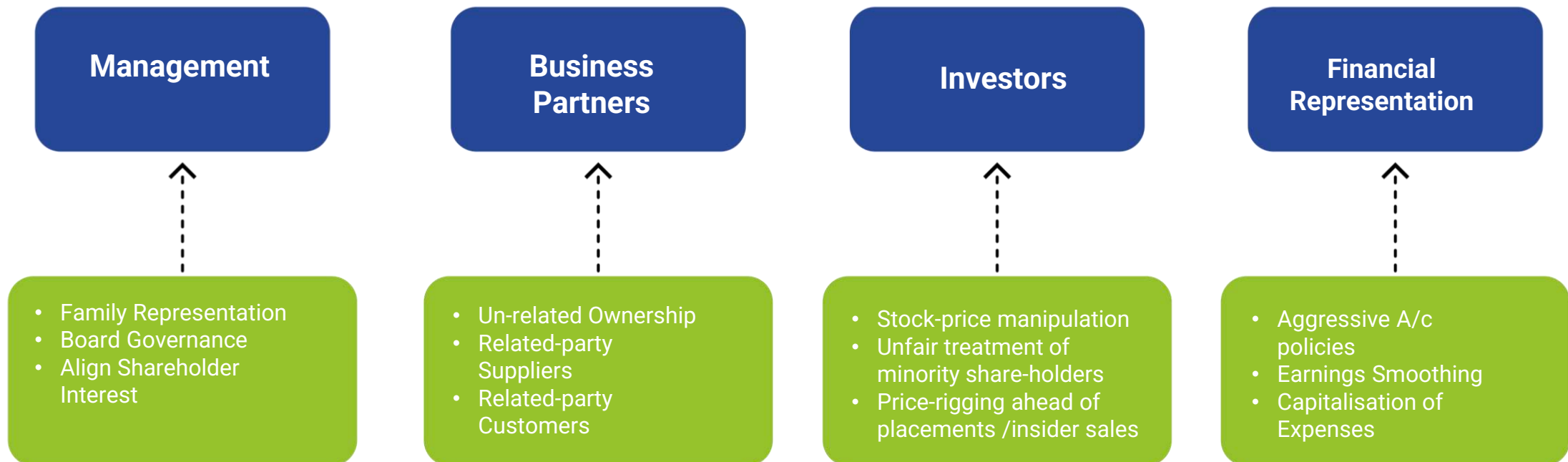
Pick well managed businesses having scalable opportunities and superior return on capital employed

We use a forensic analysis to pick only clean and quality businesses from the available universe

**We do forensic analysis in 4 key areas before we like any business**

**Accounting quality | Board governance | Ownership checks | Management integrity**

## Forensic Analysis Framework



# Acceptable Price

Focus on reasonably priced businesses with medium term earnings power

## Investment value analysis Framework

\* We analyse stocks and categorise them under 3 buckets

- i. Discounted Value stocks
- ii. Compounding Value stocks
- iii. Risk-management stocks – Stocks we own due to their presence in benchmark

\* A combination of Discounted and compounding value makes us Value/Growth style agnostic

### Discounted Investment Value

- \* We derive discounted value based on % discount compared to intrinsic value of the stock
- \* This bucket includes event driven, deep Value and turn-around businesses
- \* Current Examples of businesses with static value – SBI and Indian Bank

### Compounding Investment Value

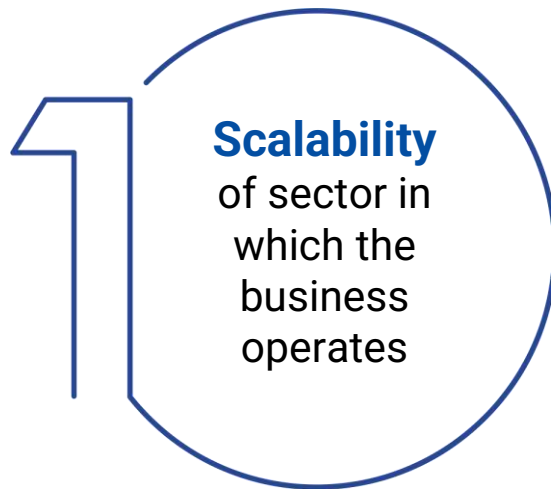
- \* We derive compounded value based on estimated growth in intrinsic value over next 2 years.
- \* This bucket includes consistent compounders that are sector leaders and market share gainers
- \* Current Examples of businesses with dynamic value – Titan Co Ltd and Trent



# Robustness

Pick well managed businesses having scalable opportunities and superior return on capital employed

## Qualitative factors:

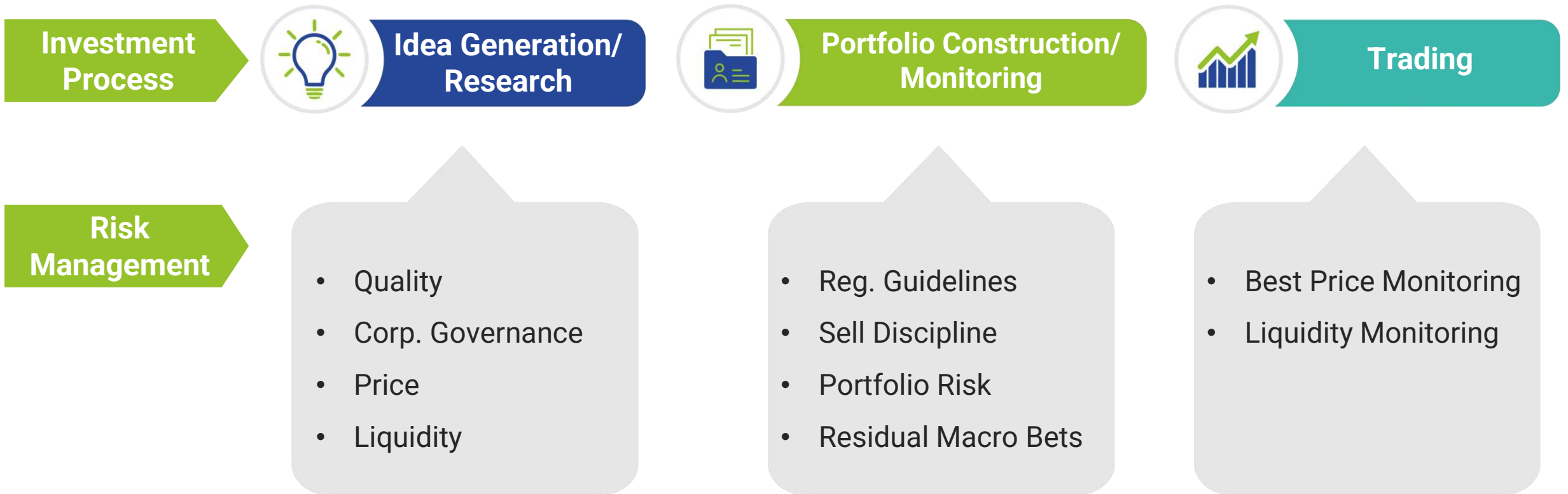


## Quantitative factors:

1. 5yr. average core business returns more than 10% to ensure company is earning higher than its cost of capital
2. Current year Sales, EBITDA, PAT should be more than 5yr. average Sales, EBITDA, PAT to ensure we leave out de-growing companies
3. Higher cash-flow conversion compared to sector peers over last business cycle

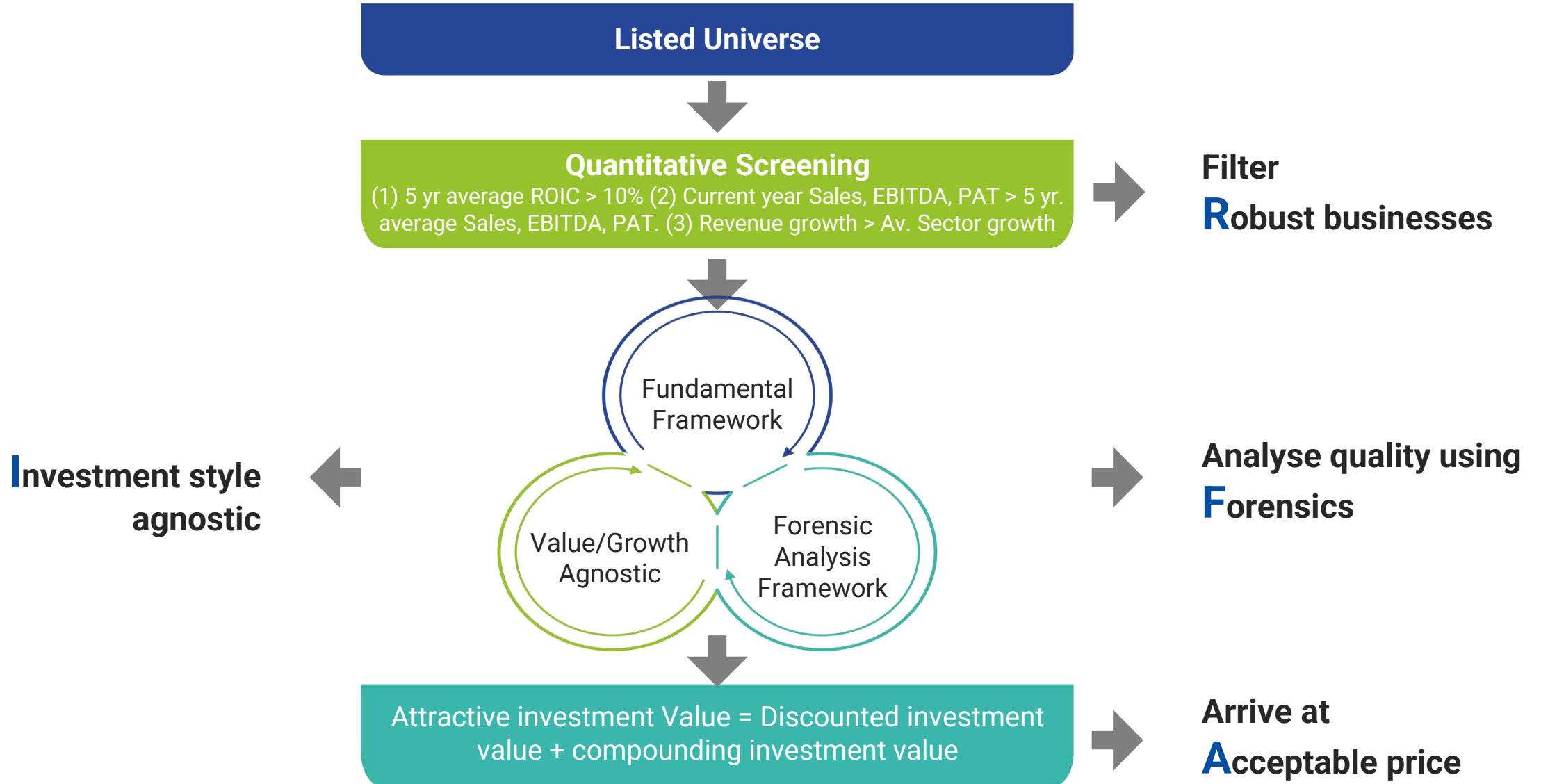
# Risk Management at each level of investment process

Risk management is core to our strategy at each level of investment process



## Risk Management

# Our investment process



# About the Fund Managers



**Mr. Dhruv Bhatia**

**Fund Manager**

- \* Over 12 years of experience in equity markets, our Fund Manager – Equity, Mr. Dhruv Bhatia, joined Edelweiss Asset Management Limited in October 2024 with the aim of cementing our strength in the small and mid cap segment.
- \* He holds a Post Graduate Diploma in Management-Finance from SIES College of Management Studies, Navi Mumbai.



**Mr. Trideep Bhattacharya**

**Chief Investment Officer – Equities**

- \* Two decades of experience in equity investing across Indian and Global markets.
- \* PGDBM in Finance from SP Jain Institute of Management & Research, Mumbai and B.Tech in Electrical Engineering from IIT, Kharagpur.



**Mr. Amit Vora**

**Head of Dealing and Fund Manager - Overseas investments**

- \* Over 18 years of rich experience in equity dealings in the financial markets. He oversees equity trading activities and managing investments in foreign securities
- \* Past associations include a stint at Antique Stock Broking, where he was designated the AVP – Sales Trader and generated trading ideas and managed trades of mutual funds and FIs.

# Fundamental Equity Team



**Mr. Trideep Bhattacharya, Chief Investment Officer (CIO) – Fundamental Equities**

- \* Two decades of experience in equity investing across Indian and Global markets.
- \* PGDBM in Finance from SP Jain Institute of Management & Research, Mumbai and B.Tech in Electrical Engineering from IIT, Kharagpur.

## Fund Management Team



**Mr. Ashwani Kumar Agarwalla**  
Fund Manager



**Mr. Sumanta Khan**  
Fund Manager



**Mr. Dhruv Bhatia**  
Fund Manager



**Mr. Raj Koradia**  
Asst. Fund Manager



**Mr. Aniruddha Kekatpure**  
Head - Research



**Mr. Ashish Sood**  
Research Analyst



**Mr. Mehul Dalmia**  
Research Analyst

## Centralized Research Team

# Fund Features

<b>Category</b>	Sectoral/ Thematic
<b>Fund Manager</b>	Mr. Dhruv Bhatia Mr. Trideep Bhattacharya Mr. Amit Vora (For Overseas Securities)
<b>Benchmark</b>	NIFTY India Consumption TRI
<b>Investment Objective</b>	The fund seeks to generate long-term capital appreciation by investing predominantly in equity and equity related securities with a focus on companies engaged in consumption and consumption related sectors or allied sectors. There is no assurance that the investment objective of the Scheme will be achieved.
<b>Minimum Application Amount</b>	Minimum Rs. 100/- and in multiples of Re. 1/- thereafter.
<b>NFO period</b>	31 <sup>st</sup> Jan to 14 <sup>th</sup> Feb 2025

<b>Investments</b>	<b>Indicative Allocation (% to net assets)</b>
Equity & Equity related instruments selected on the basis of consumption and consumption related sector or allied sectors (including equity ETFs)	80% to 100%
Other Equity & Equity related instruments	0% to 20%
Debt and money market instruments (including debt ETFs)	0% to 20%
Units issued by REITs and InvITs	0% to 10%
<b>Exit load</b>	<ul style="list-style-type: none"> <li>If the units are redeemed /switched out on or before 90 days from the date of allotment – 1% of the applicable NAV.</li> <li>If the units are redeemed /switched out after 90 days from the date of allotment - NIL</li> </ul>

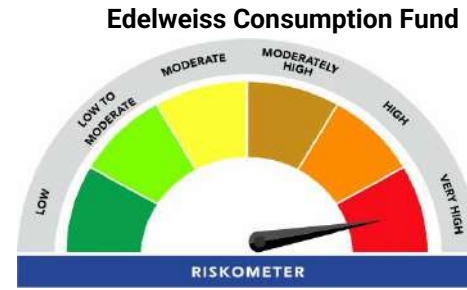


# Risk-o-meter & Disclaimer

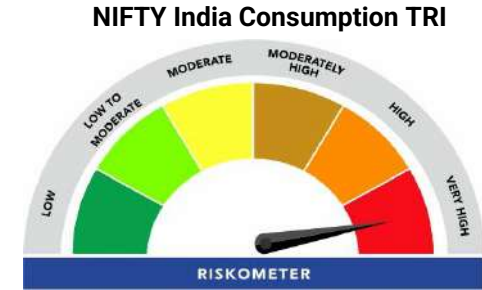
## Edelweiss Consumption Fund is suitable for investors who are seeking\*:

- Long-term capital appreciation
- Investment in equity and equity related instruments with a focus on companies engaged in consumption and consumption related sectors or allied sectors.

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



The risk of the scheme is Very High



The risk of the benchmark is Very High

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

**Thank you!**

