



**Baroda**  
**BNP PARIBAS**  
MUTUAL FUND



**INVEST IN  
COMPANIES THAT  
GIVE DIVIDEND  
AND KEEP GROWING.**

(Offer of units of Rs. 10 each during the New Fund Offer period and continuous offer for units at NAV based prices)

**PRESENTING  
BARODA BNP PARIBAS DIVIDEND YIELD FUND**

(An open-ended equity scheme predominantly investing in dividend yielding stocks)

**NFO PERIOD**

**22<sup>ND</sup> AUG - 5<sup>TH</sup> SEP, 2024**



I want to invest in a pure equity mutual fund but I am scared of the uncertainty in the equity markets.

Well, there is a category of Mutual Funds that invest in Quality Reliable Companies and tend to be less Volatile than the broader market.

These are the Dividend Yield Funds!





Dividend Yield Funds invest in Dividend paying companies.

What do you mean by Dividend Paying Companies?



# Mysterious Bamboo vs Apple Tree

The Mysterious Chinese Bamboo tree shows no visible signs of growth in its first few years but subsequently it shoots up within a short span of time.

The Apple Tree grows gradually and provides fruits every year once it has fully grown.



**Mysterious  
Bamboo**

**VS**

**Apple  
Tree**



Uncertainty

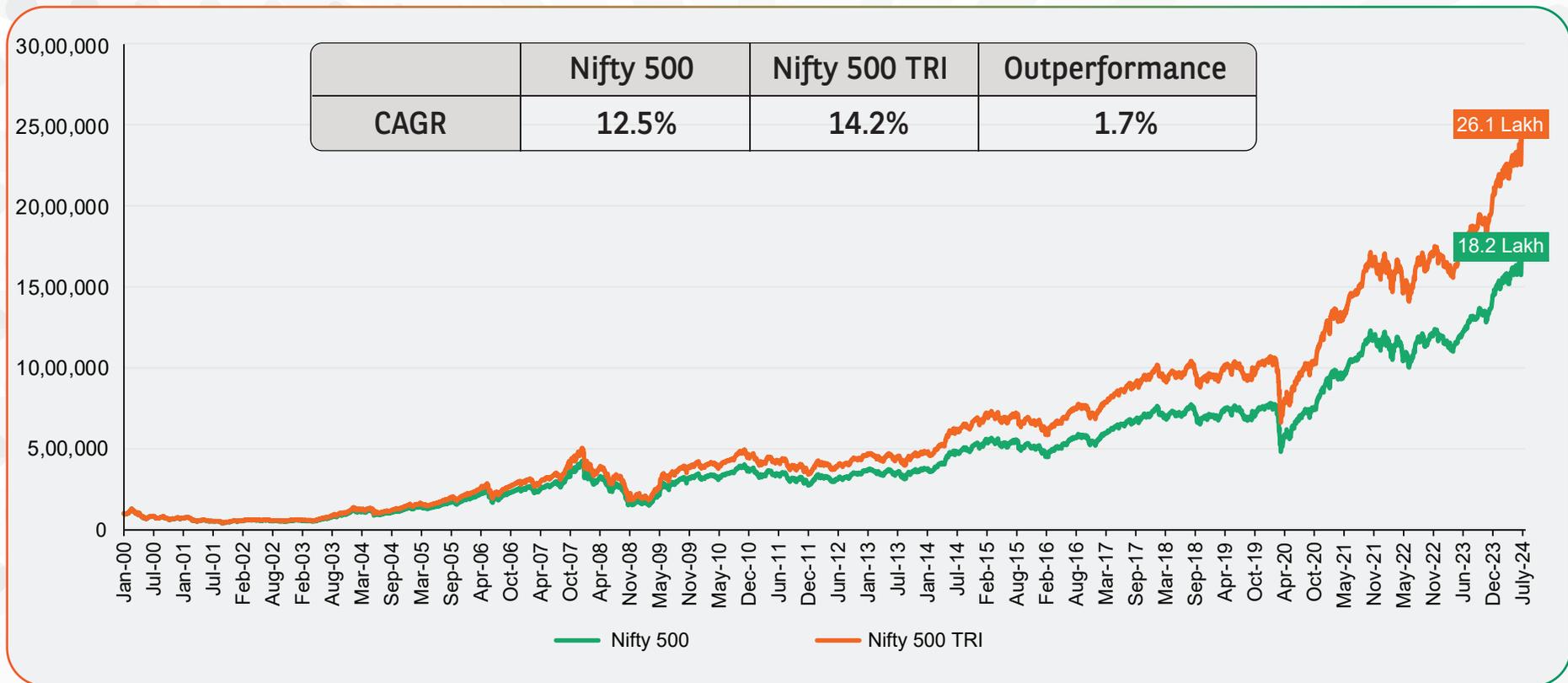
Bears Fruits every year

No returns for  
long term

Predictable and Stable

Dividend Paying companies are very much like the Apple Tree – giving fruits regularly!

## Dividends - Power of Compounding (Growth of ₹ 1 Lakh)



- ✓ **1 Lakh invested in the NIFTY 500 TRI in January 2000 is now 26 lakhs including dividends; compared to 18 Lakhs without dividends.**
- ✓ **Dividend Yields add substantially to the total returns – 1/3<sup>rd</sup> of the final amount is from dividends.**

Data as on July 31, 2024. Source: MFI and Internal. **Past performance is no guarantee for future returns.** The above is to explain the power of compounding and doesn't provide assurance of performance of dividend paying companies. The fund may or may not take exposure to the companies forming a part of this index.

# Myths around Dividend Paying Companies



Is this true?



Let's see...

Only large cap companies pay regular dividends?



Do they belong to only lower capital-intensive sectors or industries?



Are these companies whose growth is now stagnant?



No. They can belong to any market cap: large, mid or small.



No. They can belong to any sector or industry.



No. They may enjoy healthy appreciation in share price over time.

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# Why invest in Dividend paying companies?



# Strong Fundamentals lead to Regular Dividends



Focus on Cashflow:  
leading to better  
financial management



Improved Return on Capital  
Employed (ROCE) as idle cash  
is distributed

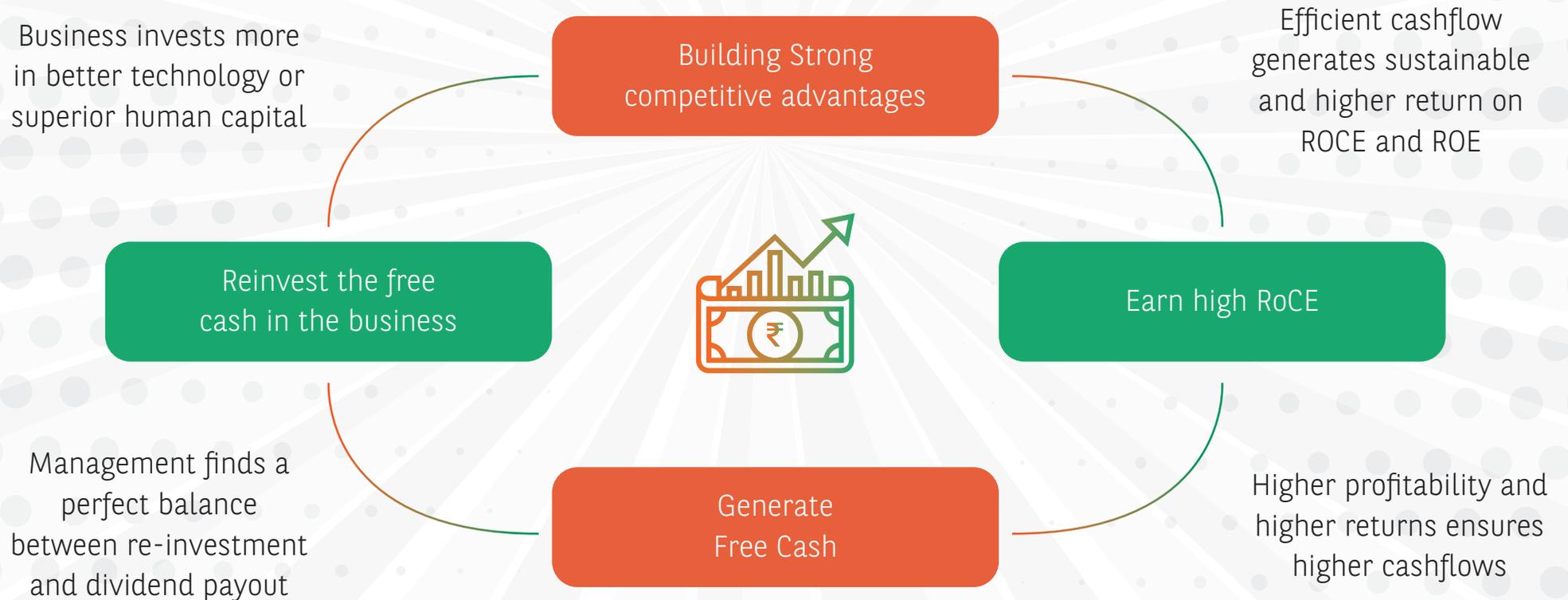


Higher investor returns =  
Dividend Payout + Capital  
Appreciation

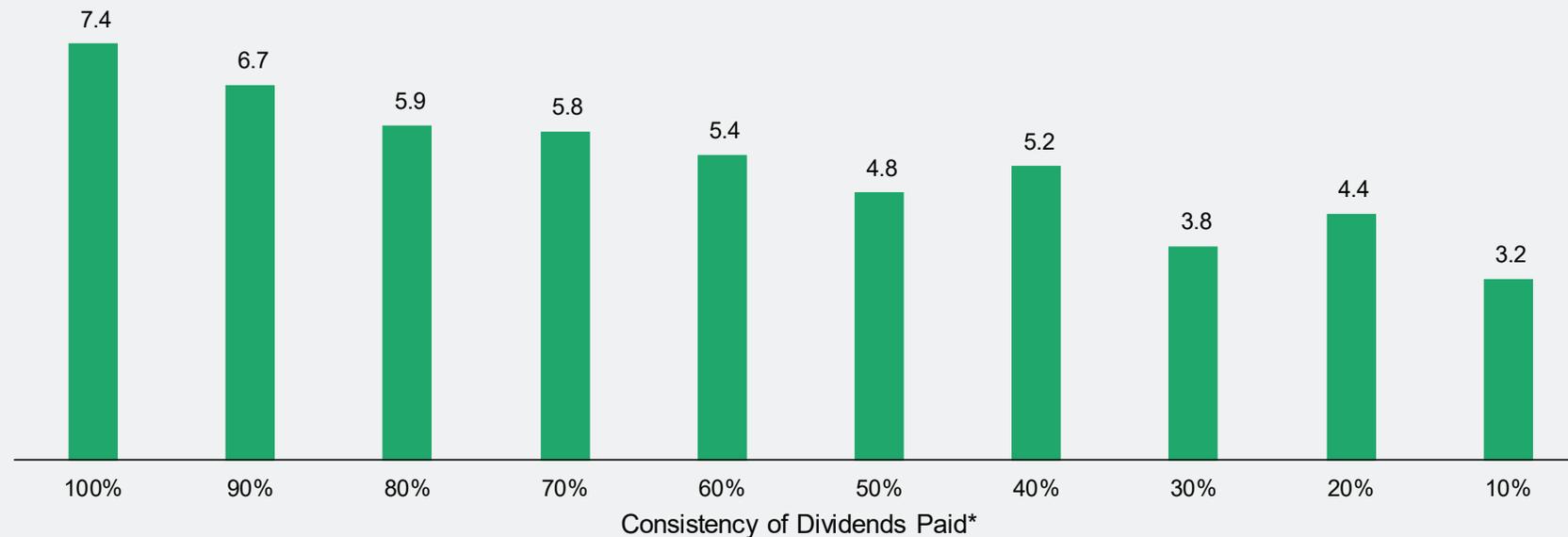


Better downside  
protection as dividend  
yield acts as floor

## Free Cash Flows (FCF) tend to have a multiplier effect on the company's share price



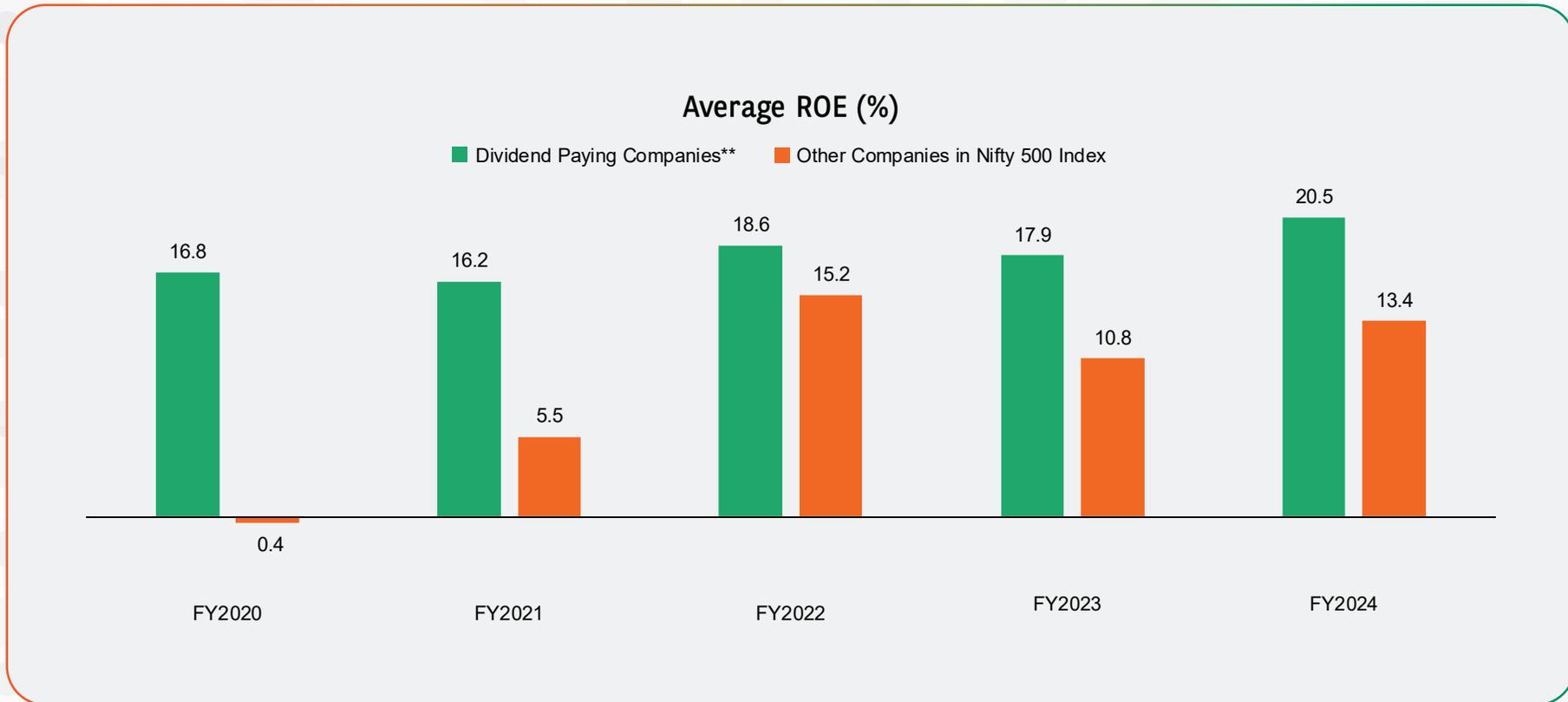
## No. of times companies have given positive free cashflows



- ✓ There is a strong co-relation between companies with positive cash flows and regular dividend paying ability.
- ✓ Positive free cash flows are considered an indicator of healthy businesses.
- ✓ High Free Cash Flow Companies (FCF) are generally seen to be regular dividend paying companies.

Latest available Data as on 31st March 2024. Source: Ace Equity and Internal. Analysis is based on all companies forming part of Nifty 500 index. Consistent \*Dividend Paying companies are companies paying dividends for 50% of times or more in last 10 years. The graph represents the no. of times, the company has given positive free cashflows in past 10 financial years. **Past performance is no guarantee for future returns.**

# Dividend Paying Companies: Stronger Fundamentals



✓ Companies managing capital more efficiently tend to be regular dividend paying companies

\*\*For illustration purpose, the companies that have paid dividends for 50% of times or more in last 10 years are considered as Dividend Paying Companies.

Data as on 31<sup>st</sup> March 2024. Source: Ace Equity and Internal. Analysis is based on all companies forming part of Nifty 500 index. Other companies are the remaining companies which form a part of the Nifty 500 Index. **Past performance is no guarantee for future returns.**

- ✓ Buybacks means the company purchasing its own shares from the existing shareholders typically at slight premium to the existing market price.
- ✓ Buybacks tend to increase shareholder yields.

## Advantages of Buybacks



**Companies with high cash reserves can invest in themselves**



**Buy backs provide cash to shareholders**



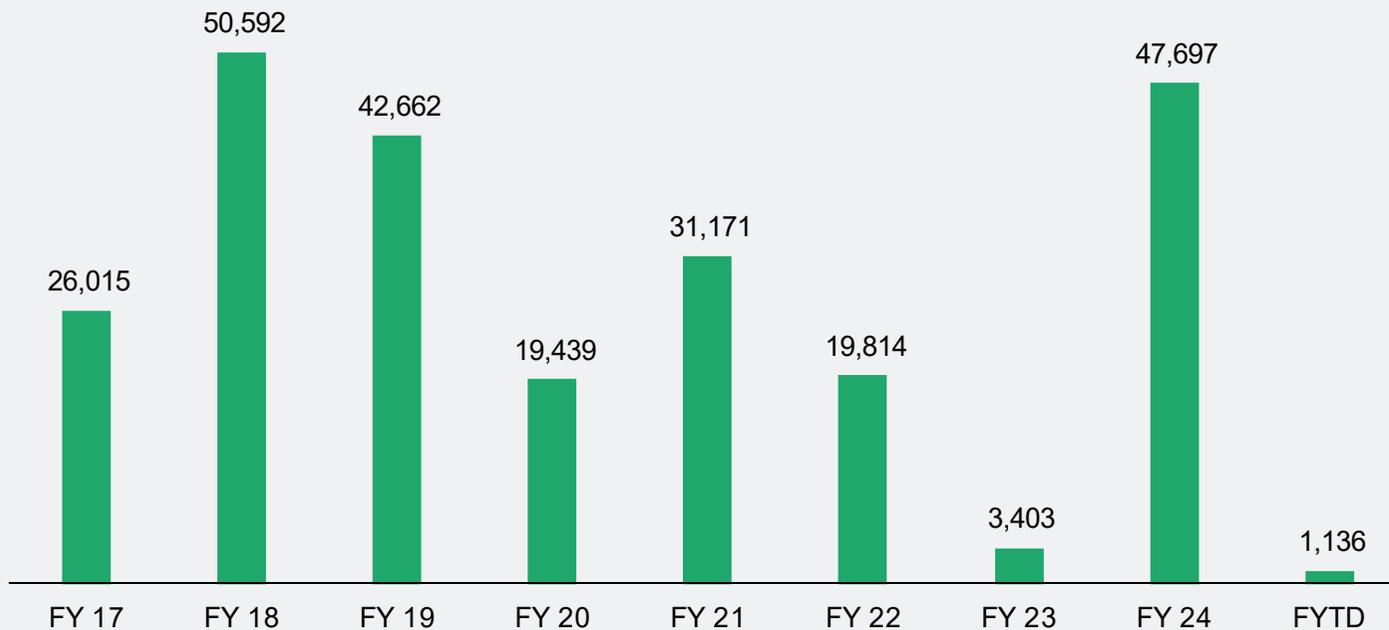
**Buyback plans signal towards healthy cashflows and a stable future**



**Buy backs help in company re-ratings**

# Buybacks: Rewarding the investor

Buyback Size ( ₹ In Crs)



Top 5 Buybacks in last 1 year

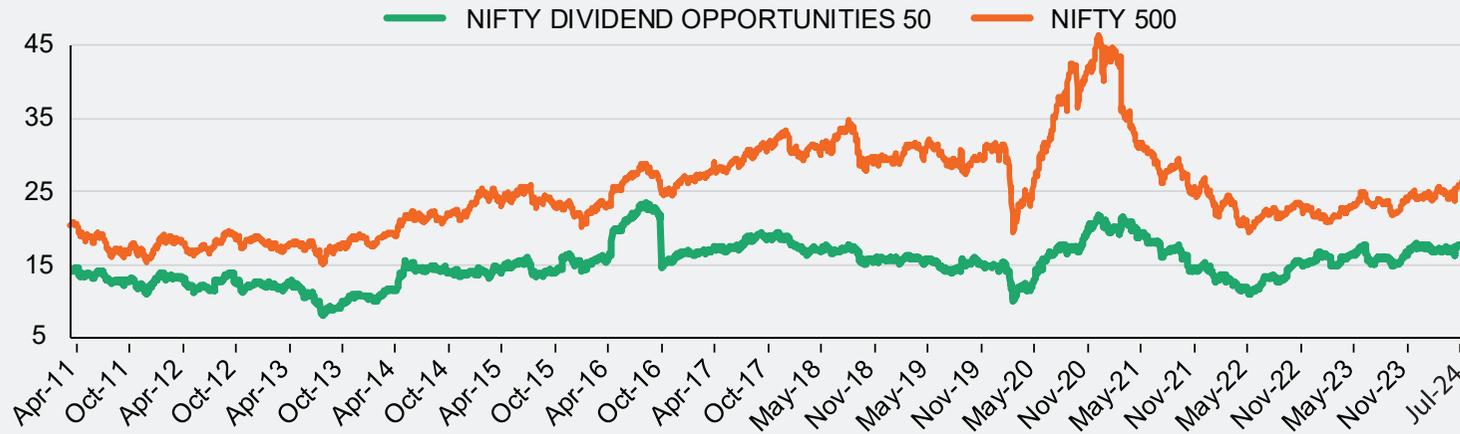
Company	Size (₹ Cr)
Tata Consultancy Services Ltd	17,000
WIPRO	12,000
Larsen and Toubro Ltd	10,000
Piramal Enterprises Ltd	1,750
Gujarat Narmada Valley Fertilizers and Chemicals Ltd.	652

- ✔ Buybacks provide returns in addition to the dividend yield, increasing the shareholder's overall yield.
- ✔ There have been buybacks of significant amounts in the past few years, suggesting the potential of higher returns that may be generated through them.

Data as on 31<sup>st</sup> July 2024. Source: MOFSL and Internal. **Past performance is no guarantee for future returns.** The stocks mentioned in this document do not constitute any recommendation of the same and Baroda BNP Paribas Mutual Fund may or may not have any future position in these stocks.

# Lower Volatility, Higher Dividend Yield

## PE Ratio



The Nifty Dividend Opportunities 50 Index has lower PE compared to the Nifty 50 Index

## Dividend Yield



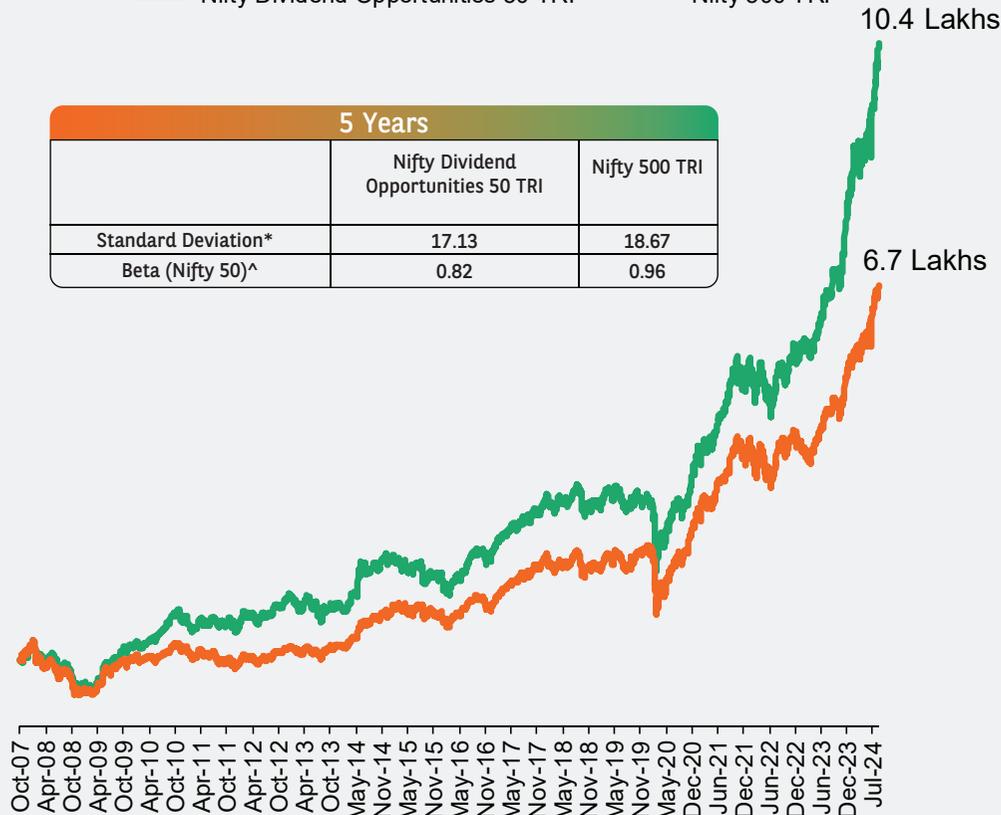
Despite the lower PE, the **Nifty Dividend Opportunities 50** Index has delivered higher dividend yield.

# Performance of Dividend Paying companies

## Dividends - Power of Compounding (Growth of ₹ 1 Lakh)

— Nifty Dividend Opportunities 50 TRI — Nifty 500 TRI

5 Years		
	Nifty Dividend Opportunities 50 TRI	Nifty 500 TRI
Standard Deviation*	17.13	18.67
Beta (Nifty 50)^	0.82	0.96



	NIFTY DIVIDEND OPPORTUNITIES 50 TRI	Nifty 500 TRI
FY 2009	-34%	-39%
FY 2010	103%	90%
FY 2011	25%	8%
FY 2012	6%	-8%
FY 2013	5%	6%
FY 2014	12%	19%
FY 2015	21%	35%
FY 2016	-8%	-7%
FY 2017	32%	26%
FY 2018	11%	13%
FY 2019	10%	10%
FY 2020	-26%	-27%
FY 2021	62%	78%
FY 2022	24%	22%
FY 2023	7%	-1%
FY 2024	50%	40%
FYTD	20%	17%

Data as on 31<sup>st</sup> July 2024. Source: MFI and Internal. **Past performance is no guarantee for future returns.**\*Standard Deviation is a statistical measure of volatility. ^Beta measures market volatility with respect to Nifty 50. Beta of less than 1 shows lesser volatility. The above is to explain the power of compounding and doesn't provide any assurance regarding performance of dividend paying companies. The fund may or may not take exposure to the companies forming a part of this index.

# Introducing...

## Baroda BNP Paribas Dividend Yield Fund



- ✓ The investment objective is to provide medium to long term appreciation by predominantly investing in a well-diversified portfolio of equity and equity related instruments of dividend yielding companies.
- ✓ Companies doing a buyback will also be considered.
- ✓ To reduce the risk of volatility, the Scheme will diversify across major industries and economic sectors to the extent possible.
- ✓ While trailing dividend yield will be an important factor in selecting stocks, following are the broad parameters/factors that shall be considered while building the portfolio of companies:
  - a) business and economic fundamentals driven by in-depth research
  - b) Reputation of the management and track record
  - c) long term growth prospects
  - d) The financial strength of the companies, as indicated by well recognised financial parameters employing strong stock selection valuation parameters

# How do we choose companies?

- C** Companies that have a track record of regularly<sup>^</sup> paying dividends (including buybacks)
- H** High free cash flows: Businesses that have a history of having high free cash flows
- A** Avoid Dividend Traps: Companies with high dividend yields but falling market price, higher debt and overall weak fundamentals
- M** Market Agnostic Portfolio: Looking for dividend paying companies across all market caps
- P** Price: Looking for reasonably priced growing companies (GARP)

<sup>^</sup>Having paid dividend (or done a buyback) in atleast one of the three preceding financial years

In search of companies with **superior** and **sustainable** earnings growth

Core belief:  
Companies create wealth,  
not markets



**IDENTIFY SUPERIOR BUSINESSES, WITH STRONG MANAGEMENT, AT REASONABLE VALUATIONS**

\* A sustainable competitive advantage

# Portfolio Construction

**65% - 100%**

Stocks of dividend paying companies (including buybacks)

Well Diversified portfolio across sectors / industries

No market cap bias

**0%-35%**

Stocks of other companies

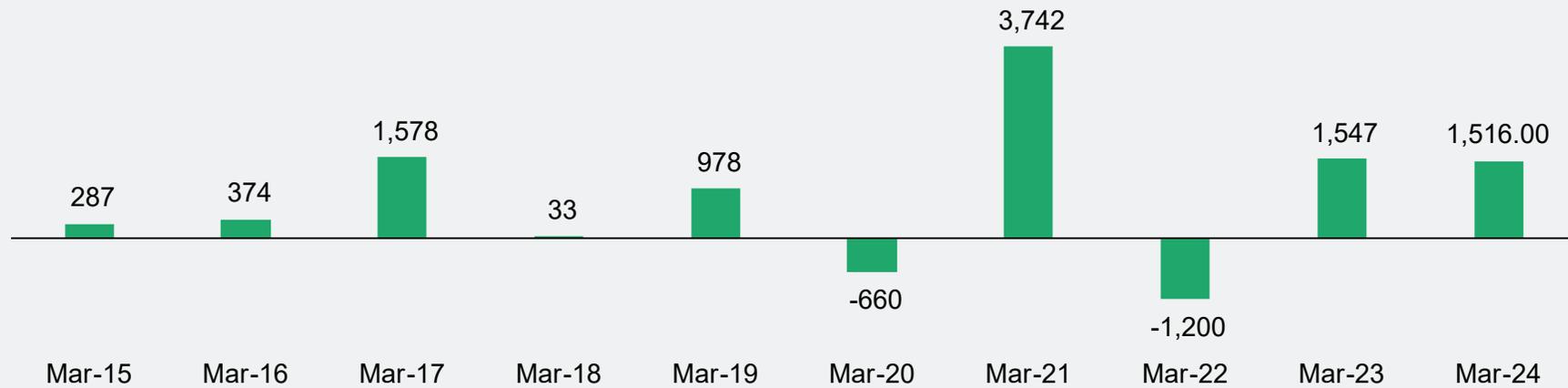
High quality debt and money market instruments

**0%-10%**

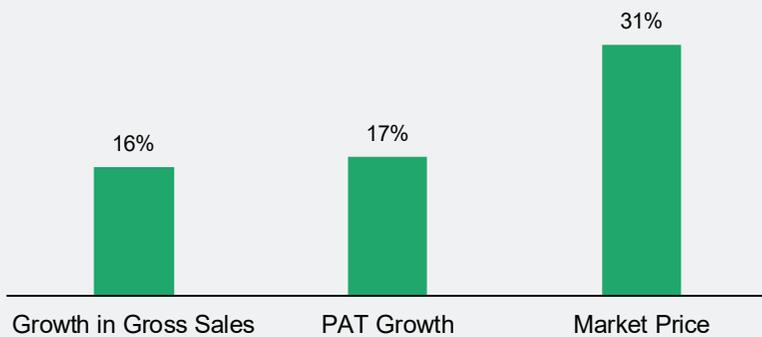
Exposure to REITS and INVITs

# Example: Regular Cashflow Generating Company

### Free Cash Flow (₹ in crs)



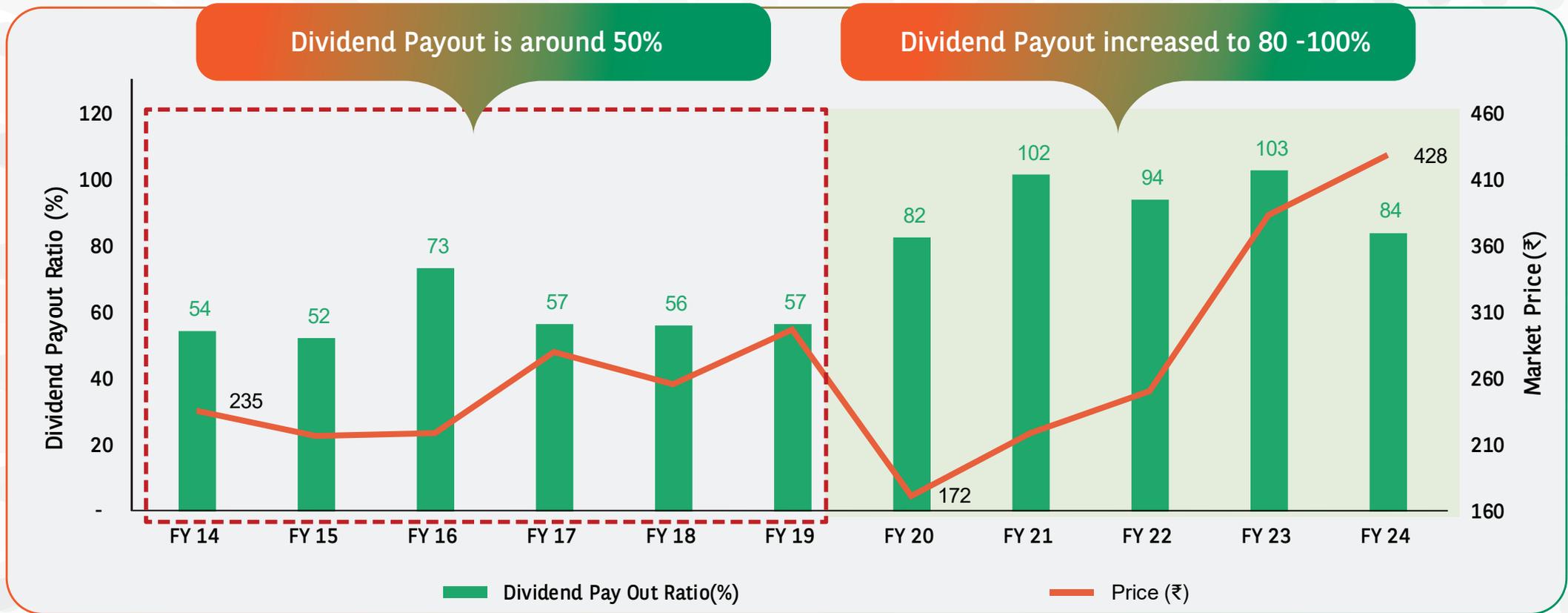
### Last 10 Year CAGR (%)



This company has generated positive free cash flows in 8 out of last 10 financial years.

Higher cashflows have resulted in higher growth in sales, higher PAT growth and higher appreciation in market price.

# Example: Company with High Dividend Payout Ratio



		Dec 14 to Dec 19	Dec 20 to Jun 24
<b>Company Returns (%)</b>	Stock Returns (%)	-3.3	<b>103.3</b>
	Dividend Returns (%)	9.8	<b>37.0</b>
	Company Returns (%)	6.5	<b>140.3</b>
<b>BSE FMCG Index Returns (%)</b>	Index Returns (%)	<b>48.1</b>	63.0
	Dividend Returns (%)	<b>11.5</b>	13.0
	Company Returns (%)	<b>59.6</b>	76.0

Data as on 31<sup>st</sup> March 2024 (latest available data). Source: Ace Equity and Internal. The above illustration is for understanding only and should not constitute as investment advise. **Past performance is no guarantee for future returns.**

# Who Should Invest?



Investors looking for  
long term wealth  
creation



Investors who want to  
invest in a portfolio of  
high quality, reliable  
companies



Investors who are  
looking for  
diversification of their  
existing portfolios



Investors who want a  
better risk-return  
trade off



## CIO – Mr. Sanjay Chawla (33 Years of Experience)

### Experience

**Jitendra Sriram**  
(Senior Fund Manager)

26 Years

14 Years

**Miten Vora**  
(Fund Manager & Senior Analyst)

Fund  
Manager  
for the  
scheme

**Shiv Chanani**  
(Senior Fund Manager)

24 Years

12 Years

**Swapna Shelar**  
(Research Associate)

**Pratish Krishnan**  
(Fund Manager & Senior Analyst)

23 Years

9 Years

**Kushant Arora**  
(Research Associate)

**Sandeep Jain**  
(Fund Manager & Senior Analyst)

16 Years

5 Years

**Arjun Bagga**  
(Research Associate)

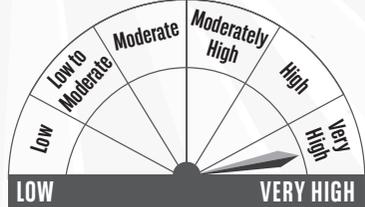
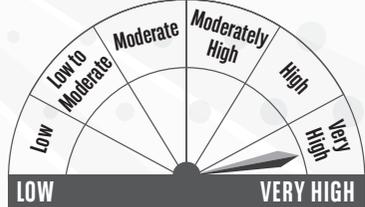
Scheme name	Baroda BNP Paribas Dividend Yield Fund																				
Type of the Scheme	An open-ended equity scheme predominantly investing in dividend yielding stocks.																				
Category	Equity Scheme – Dividend Yield Fund																				
Investment Objective	The investment objective is to provide medium to long term appreciation by predominantly investing in a well-diversified portfolio of equity and equity related instruments of dividend yielding companies.																				
Asset Allocation	<table border="1"> <thead> <tr> <th>Type of Instrument</th> <th>Minimum (% of Net Assets)</th> <th>Maximum (% of Net Assets)</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments including Dividend Yielding companies^.</td> <td>65</td> <td>100</td> </tr> <tr> <td>Equity and Equity related instruments of any other company other than above</td> <td>0</td> <td>35</td> </tr> <tr> <td>Units issued by REITs &amp; INVITs</td> <td>0</td> <td>10</td> </tr> <tr> <td>Debt* &amp; Money Market instruments and Fixed Income Derivatives</td> <td>0</td> <td>35</td> </tr> <tr> <td>Units of Mutual Funds (Domestic Schemes)</td> <td>0</td> <td>10</td> </tr> </tbody> </table> <p>^The Scheme may invest upto 50% of equity assets in equity derivatives instruments as permitted under the SEBI (Mutual Funds) Regulations, 1996 from time to time. The Scheme may use equity derivatives for such purposes as maybe permitted under the SEBI (Mutual Funds) Regulations, 1996, including but not limited for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. *Debt instruments may include securitised debt upto 20% of the debt portfolio of the scheme.</p>			Type of Instrument	Minimum (% of Net Assets)	Maximum (% of Net Assets)	Equity and Equity related instruments including Dividend Yielding companies^.	65	100	Equity and Equity related instruments of any other company other than above	0	35	Units issued by REITs & INVITs	0	10	Debt* & Money Market instruments and Fixed Income Derivatives	0	35	Units of Mutual Funds (Domestic Schemes)	0	10
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Benchmark	Nifty 500 TRI																				
Fund Manager~	Mr Shiv Chanani (Experience: 24 years)																				
Load Structure	Entry Load: Not applicable Exit Load: If units of the Scheme are redeemed or switched out up to 10% of the units within 1 year from the date of allotment - Nil. If units of the scheme are redeemed or switched out in excess of the limit within 1 year from the date of allotment - 1% of the applicable NAV. If units of scheme are redeemed or switched out after 1 year from the date of allotment - Nil.																				
Minimum Amount for Application during the NFO & Ongoing Offer	Lumpsum Details: A minimum of Rs. 1,000 per application and in multiples of Rs.1 Minimum Additional Application Amount: Rs. 1,000 and in multiples of Rs. 1 thereafter. SIP Details: Minimum Application Amount - (i) Daily, Weekly, Monthly SIP: Rs. 500/- and in multiples of Rs. 1/- thereafter; (ii) Quarterly SIP: Rs. 1500/- and in multiples of Rs. 1/- thereafter																				

~Dedicated Fund Manager for Overseas Investments: Mr. Miten Vora

The risks associated with investments in equities include fluctuations in prices, as stock markets can be volatile and decline in response to political, regulatory, economic, market and stock-specific development etc. Please refer to scheme information document for detailed risk factors, asset allocation, investment strategy etc.

Further, to the extent the scheme invests in fixed income securities, the Scheme shall be subject to various risks associated with investments in Fixed Income Securities such as Credit and Counterparty risk, Liquidity risk, Market risk, Interest Rate risk & Re-investment risk etc., Further, the Scheme may use various permitted derivative instruments and techniques which may increase the volatility of scheme's performance. Also, the risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Please refer to Scheme Information Document available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)) for detailed Risk Factors, asset allocation, investment strategy etc.

<p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>▶ Long term capital appreciation</li> <li>▶ Investment predominantly in equity and equity related instruments of dividend yielding companies.</li> </ul>	<p><b>Risk-o-meter for the Scheme</b></p>  <p>Investors understand that their principal will be at Very High risk.</p>	<p><b>Risk-o-meter for the benchmark Benchmark - Nifty 500 TRI</b></p>  <p>Benchmark riskometer is at Very High risk.</p>
<p><b>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p>		

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



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