

Index Funds/Exchange Traded Fund (ETF) Schemes

# UTI Nifty 50 Index Fund

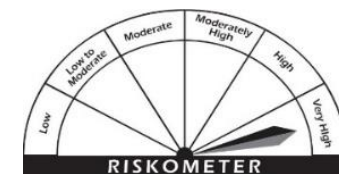
(An open-ended scheme replicating/tracking Nifty 50 index)

**This product is suitable for investors who are seeking\*:**

- Capital growth in tune with the index returns
- Passive investment in equity instruments comprised in Nifty 50 Index.

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

Fund:  
UTI Nifty 50 Index Fund



Investors understand that their principal will be at Very High Risk.

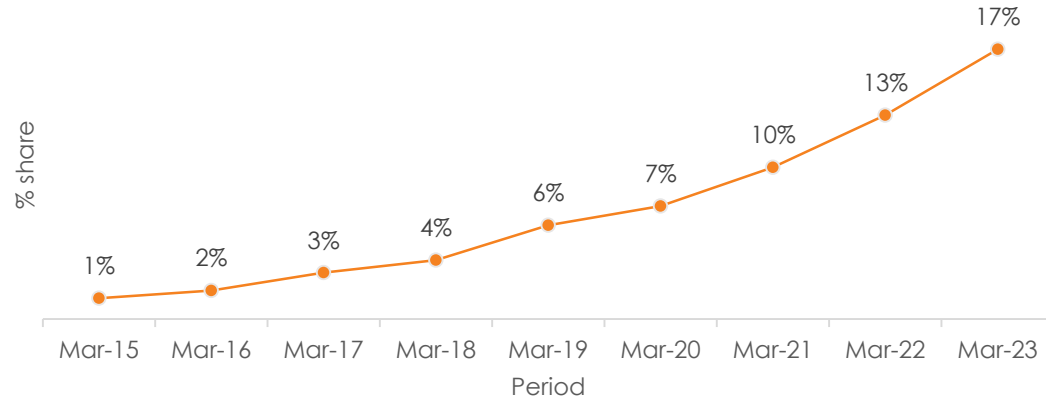
Benchmark:  
Nifty 50



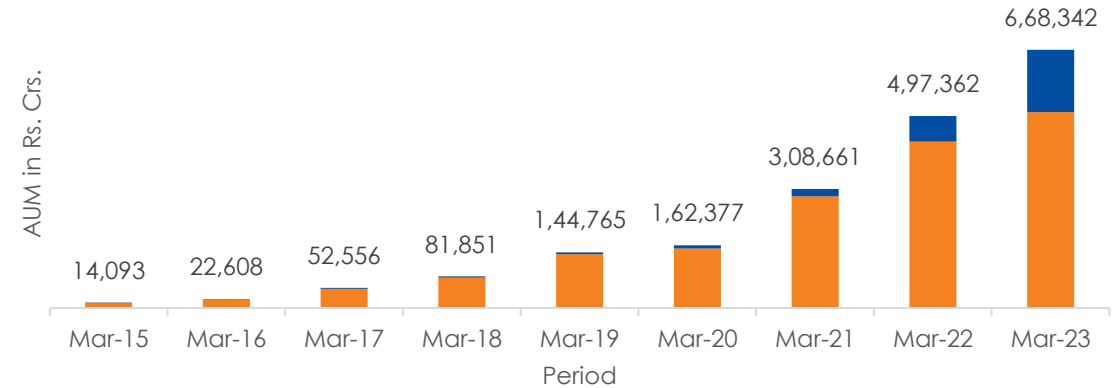
Benchmark riskometer is at Very High risk

# Growth of Equity Exchange Traded Funds and Index Funds in India

ETFs and Index Funds AUM as % of Total Industry AUM\*



ETF and Index Fund AUM Growth



## Major Growth Enablers

- Retirement Funds are mandated to invest at least 5% of annual accretion in Equities. Many of them have opted Equity ETFs/Index Funds for equity investment.
- Categorization and Rationalization of Mutual Fund Schemes by SEBI<sup>\$</sup>
- Benchmarking of funds moved from Price Return Index (PRI) to Total Return Index (TRI).
- Challenges in generating alpha due to improving efficiency of equity market and reducing information asymmetry.

\* Month End Asset Under Management (AUM). Source: MFI Explorer. \$ with reference to circular number SEBI/HO/IMD/DF3/CIR/P/2017/114 SEBI - Securities and Exchange Board of India. TRI refers to index values which also account for dividends, whereas in case of Price Return Index (PRI), dividends distributed by companies forming part of an index are not considered.



## Rule Based

An Index is a rule based portfolio where, stocks/companies are selected based on pre-defined rules without any individual's biases



## Representation

Indices represents certain characteristics of a market segment, like market capitalization, sectors, themes, factors etc.



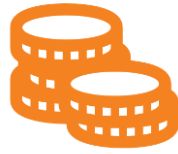
## Indexing

Investing in a portfolio which is aligned to particular index. I.e. equity portfolio will hold same stocks and in same proportion as represented by an Index.



## Easy to Understand

It reduces the process of selection vis-à-vis an individual stock/fund.



## Low Cost

Normally, index funds and ETFs are available at lower cost than actively managed funds.



## Low Risk

Helps in reducing un-systematic risk and rewards for taking systematic risk.



## Zero Sum Game

Positive alpha\* of one market participant has to come from negative alpha of another market participant



## Market is efficient

Movement in prices are based on new information and indices reflects the collective interpretation by the various market participants



## No Biases

Elimination of individual's biases & subjective opinion while picking stocks/funds

\* Alpha is difference between returns generated by a scheme and its benchmark. When a scheme generate more returns as compared to its benchmark is called positive alpha. When scheme generate less returns as compared to its benchmark, is called negative alpha.

## S&P Indices versus Active Fund (SPIVA) India Scorecard

- SPIVA India scorecard compares the performance of actively managed Indian mutual funds with their respective benchmark indices over 1, 3, 5, and 10 year period.
- The comparison is done in a scientific way considering survivorship bias correction, style consistency, apple-to-apple comparison, asset weighted returns etc.
- This semi-annual report is called as SPIVA scorecard.
- Extract from the June 2022 Report:

### Report 1a: Percentage of Funds Outperformed by the Index (Based on Absolute Return)

Fund Category	Comparison Index	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
Indian Equity Large-Cap	S&P BSE 100	87.50	90.91	83.87	89.06	67.36
Indian ELSS	S&P BSE 200	79.49	75.61	75.61	88.37	63.89
Indian Equity Mid-/Small-Cap	S&P BSE 400 MidSmallCap Index	35.29	27.45	52.08	51.11	46.88
Indian Composite Bond	S&P BSE India Bond Index	19.15	29.37	56.94	77.70	98.10
Indian Government Bond	S&P BSE India Government Bond Index	22.22	34.62	64.00	75.61	88.46

Source: S&P Dow Jones Indices LLC, Morningstar and Association of Mutual Funds in India. Data as of June 30, 2022. Returns are shown in INR. The S&P BSE 400 MidSmallCap Index was launched Nov. 30, 2017. The S&P BSE India Government Bond Index and the S&P BSE India Bond Index were launched Dec. 31, 2013. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

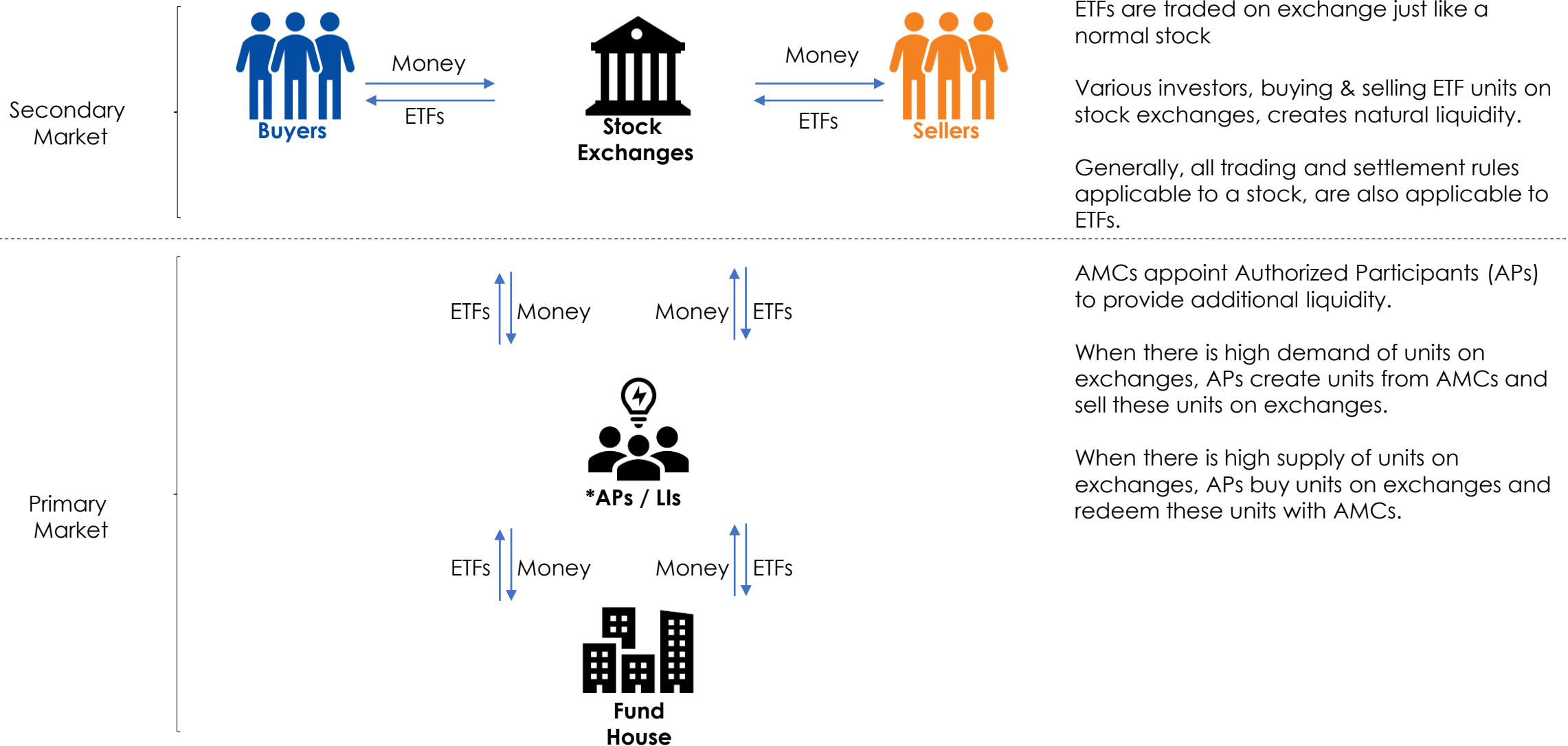
# Mutual Fund Products for Index Investment

- Exchange Traded Funds (ETFs) and Index Funds, both can be used for Investing in an Index under Mutual Fund route.
- Both are very similar from fund management perspective.
- Major Differences:

Features	ETFs	Index Funds
Net Asset Value (NAV)	Real Time	End of the day
Liquidity Provider <sup>@</sup>	Authorised Participants (APs) on stock exchange + Fund itself	Only by Fund
Portfolio Disclosure	Daily	Monthly
Intraday Trading	Possible if investor has required inventory of units	Not possible
Cost effectiveness	Each investor bears their own transaction cost	Transaction costs are spread across the fund
Holding format	Compulsory in Demat form	Physical + Demat
Investment decision	Controlled by investor as investor can suggest the price/NAV at which they want to transact	Not applicable

<sup>@</sup> - In case of ETFs the Scheme offers units for subscription / redemption directly with the Mutual Fund in multiple of creation unit size to Authorized Participants / Large Investors only. Investor can buy/sell ETF units in cash segment on secondary market of exchanges where it is listed in multiple of 1 unit. AMC may appoint APs for providing liquidity on exchanges. Please read scheme related documents for "creation unit size"

# How Exchange Traded Fund works?



ETFs are traded on exchange just like a normal stock

Various investors, buying & selling ETF units on stock exchanges, creates natural liquidity.

Generally, all trading and settlement rules applicable to a stock, are also applicable to ETFs.

AMCs appoint Authorized Participants (APs) to provide additional liquidity.

When there is high demand of units on exchanges, APs create units from AMCs and sell these units on exchanges.

When there is high supply of units on exchanges, APs buy units on exchanges and redeem these units with AMCs.

\* AP – Authorized Participant. Lis – Large Investors. Fund House – Asset Management Company

# How to Transact – ETFs v/s Index Funds



Investor can get in touch with their stock broker or sub-broker to buy/sell ETFs through their broking account, similar to transacting in a stock.



## Stock Exchanges

### ETF Units



ETF units can be held only in dematerialized (demat) form. The holding is reflected in demat statement available with demat participants where demat account is maintained

Investor can get in touch with AMC or IFA/RIA/Distributor etc., to buy/sell Index Fund similar to transacting in traditional open-ended mutual fund scheme

## Index Fund

### Fund House



Index Fund units can be held in digital or dematerialized form. In case of digital holding, investor can get statement of account from AMC or its Registrar and Transfer Agent.

Additionally ETFs can be bought/sold through Asset Management Companies (AMCs) in multiple of creation unit size.



# About 'Nifty 50' Index<sup>@</sup>

## Parameter

## Details

Broad Selection Criteria\*

Top 50 companies by free float market capitalization (M-Cap)

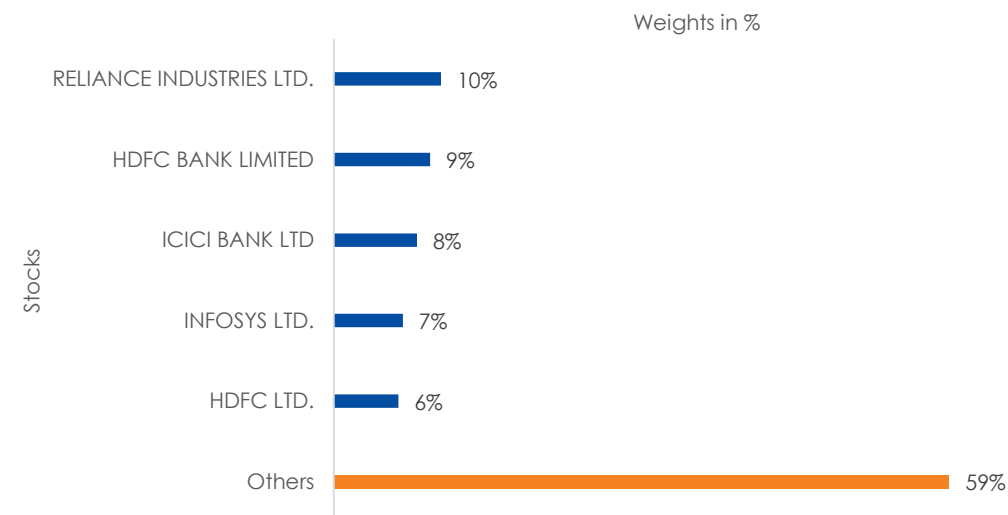
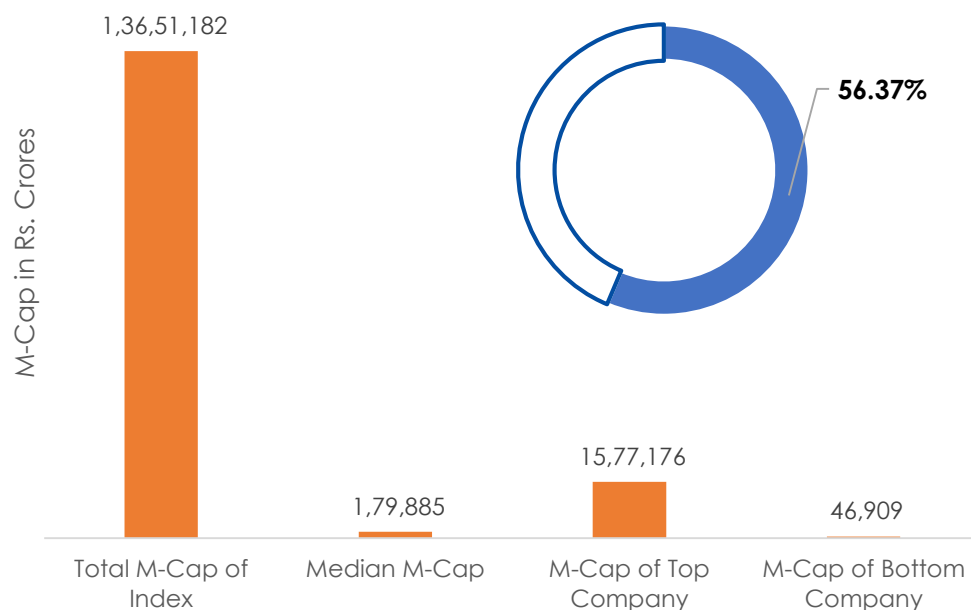
Number of constituents

50

## Market Capitalization and Exposure<sup>§</sup>

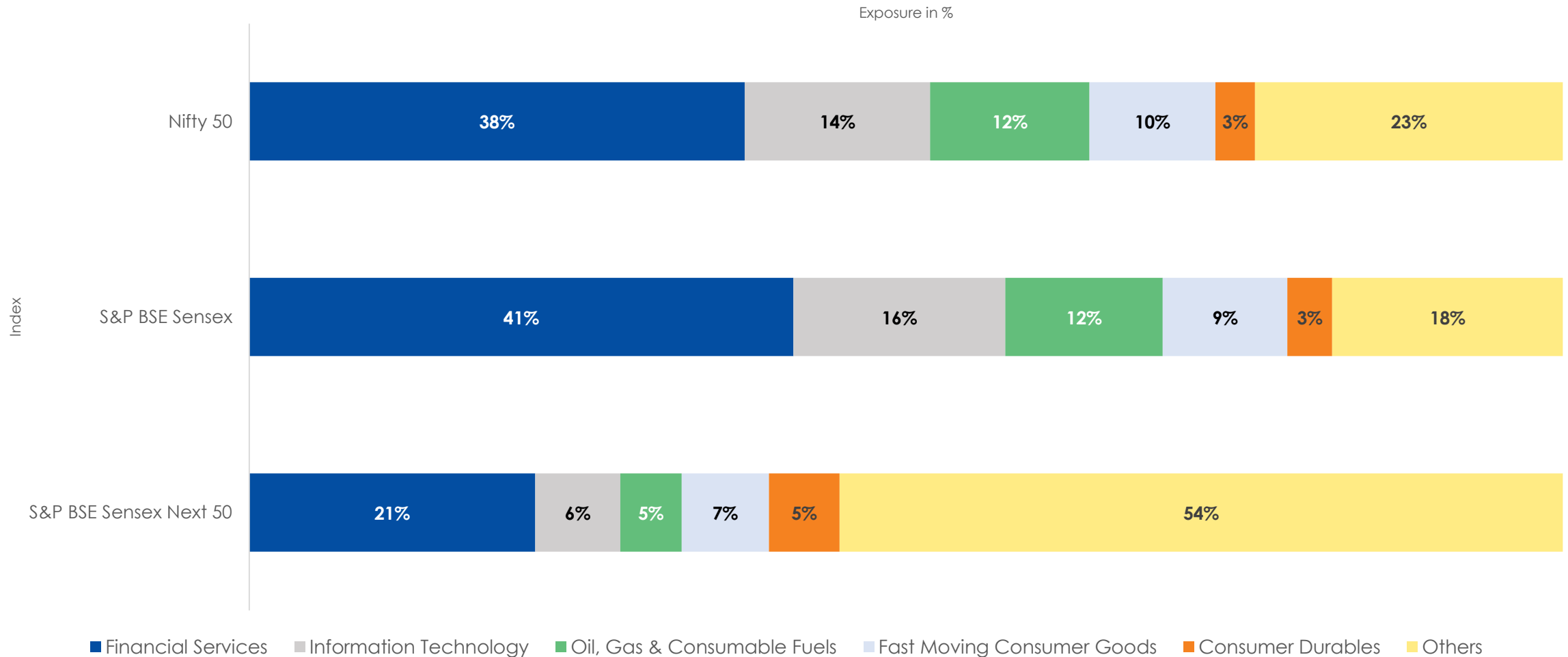
## Top 5 Stocks<sup>#</sup>

### Market Exposure



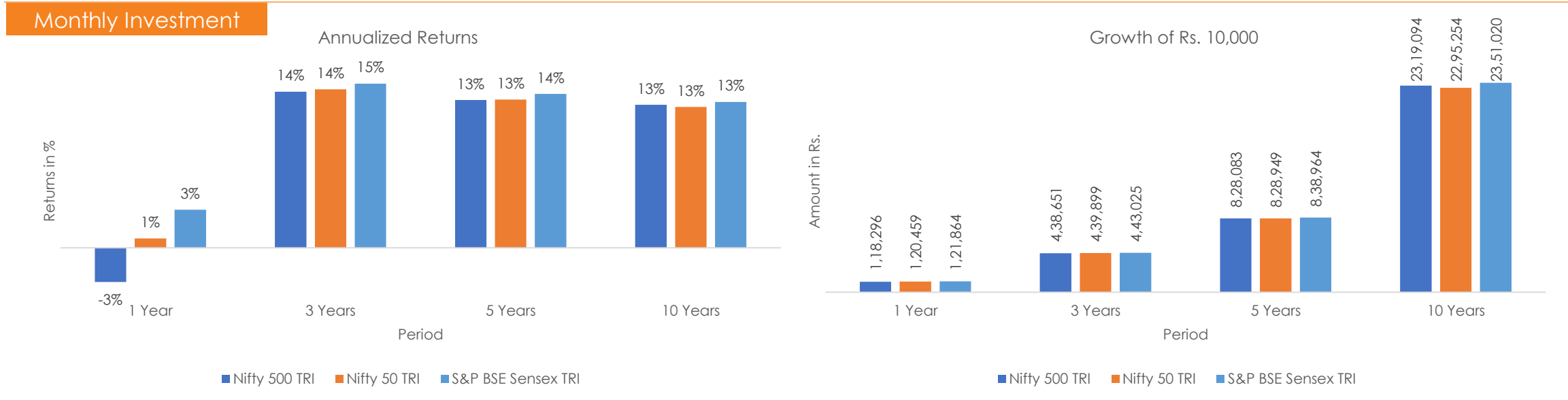
Data as on March 31, 2023. <sup>@</sup>Nifty 50 Index is an index product of NSE Indices Limited (a subsidiary of National Stock Exchange of India (NSE) Limited). Source: www.niftyindices.com, Bloomberg. \* Subject to other selection criteria defined under index construction methodology. <sup>§</sup> Data based on Total Market Capitalization of companies. % Market Exposure = Total Market Cap of Index / Market cap of all listed companies in NSE. <sup>#</sup> The Stocks referred in this literature are 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 name of companies are only for reference purpose.

# Nifty 50 Index Comparison – Broad Sector Exposure



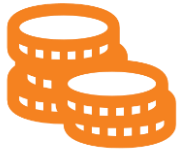
Data as on March 31, 2023. Source : NSE, BSE, Bloomberg. # The sectors referred in this literature are not an endorsement by the Mutual Fund and AMC of their soundness or a recommendation to buy or sell at any point of time. The sectors are only for reference purpose.

# Nifty 50 Index Comparison – Returns



Data as on March 31, 2023. TRI i.e. 'Total Return Index consider dividend issued by companies forming part of Index. Source: MFI Explorer. Returns are calculated considering last working day of the month. Returns over one year are of compounded annualized growth rate (CAGR). In case of monthly investment, we have assumed Rs.10,000 invested at month end closing price of total return index. Monthly return is calculated considering RATE() function in MsExcel. Such monthly return is annualized. Investors cannot invest directly into an index. However, they can expect similar returns using ETF or Index Fund, subject to tracking error and cost. Returns over one year are of compounded annualized growth rate (CAGR).

# Why Invest in Nifty 50?



It tracks the behavior of a portfolio of blue-chip companies, the largest and most liquid Indian securities<sup>@</sup>



It captures 56%# of total market capitalization of all listed companies.



It is less volatile as compared to Mid and Small cap indices



It had always delivered positive returns based on 5 year daily rolling returns in the past<sup>\$</sup>



~75% of the time it has delivered more than 10% CAGR based on 5 year daily rolling returns<sup>\$</sup>

# About UTI Nifty 50 Index Fund



## Type of scheme

An Open-ended scheme replicating/tracking Nifty 50 Index



## Plans & Options<sup>@</sup>

Regular and Direct plans with Growth and Dividend options



## Entry and Exit Load\*

NIL



## Inception

March 6, 2000



## Market Cap Exposure\*

Large Cap – 100%  
Mid Cap – Nil  
Small Cap - Nil



## Expense Ratio

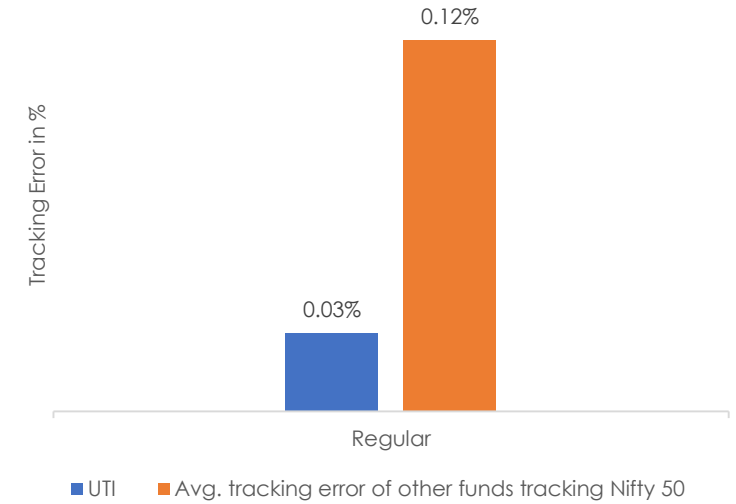
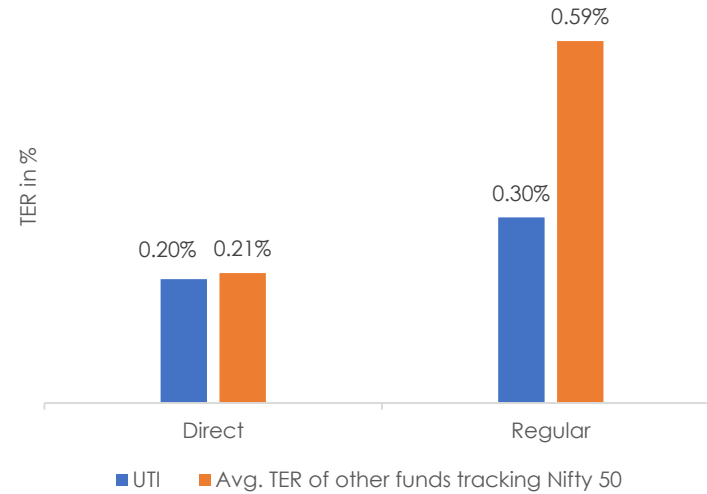
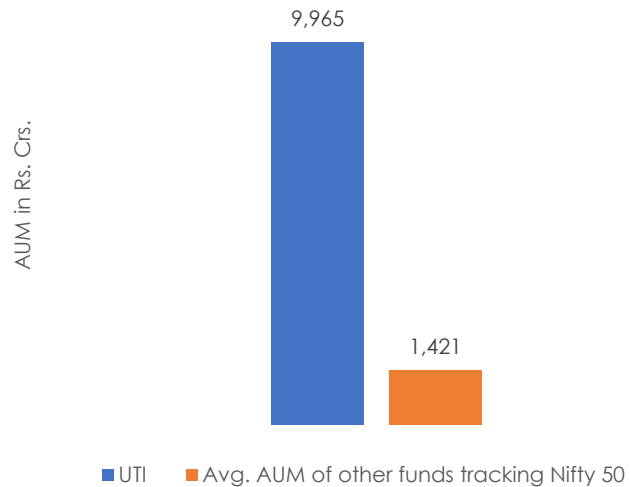
Direct – 0.20  
Regular – 0.30

\* As on March 31, 2023. @ Under UTI Nifty 50 Index Fund in addition to regular, there is a direct plan. Under UTI Nifty 50 Index Fund both Plan offers Growth, Dividend Payout and Dividend Reinvestment Options. For more details please read Scheme Information Document.

# Why UTI Nifty 50 Index Fund?

Asset Under Management (AUM), Total Expense Ratio (TER) and Tracking Error (TE) are critical aspects while selecting any ETF or Index Fund.

**Asset Under Management (Size)<sup>@</sup>      Total Expense Ratio (Cost)<sup>#</sup>      One Year Tracking Error<sup>#</sup>**



**Largest Nifty 50 Index Fund      Competitive Cost      One of the Lowest Tracking Error**

Source: MFI Explorer @ Month End Asset under management in Rs. Crs. for the month March 2023 # As on March 31, 2023 \$ May change in future within the limits and rules prescribed by SEBI from time to time. UTI – UTI Nifty 50 Index Fund. Direct refers to Direct Plans offered under mutual fund schemes and Regular refers to regular plans. Only growth options are considered for the analysis. Various schemes may broadly offer, dividend payout and dividend reinvestment options in addition to growth option. Please read Scheme Information Document and other statutory documents of respective schemes for more details.

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

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