

# Religare Nifty ETF – NFO Analysis

## Fund Features

**NFO Date: - 23<sup>rd</sup> May to 6<sup>th</sup> June 2011**

<b>Scheme Objective</b>	To generate returns which closely correspond to the returns generated by securities as represented by S&P CNX Nifty Index, subject to tracking error, if any.		
<b>Type of Fund</b>	An Open Ended ETF		
<b>Bench Mark Index</b>	S&P CNX Nifty		
<b>Min Investment</b>	₹10,000/- and in multiples of ₹1/- thereafter.		
<b>Entry / Exit Loads</b>	NIL		
<b>Fund Manager</b>	Pranav Gokhale		
<b>Asset Allocation</b>	<b>Instruments</b>	<b>Asset Allocation (% of Net Assets)</b>	<b>Risk Profile</b>
	Securities covered by S&P CNX Nifty	95% - 100%	High
	Debt and Money Market Instruments	0% - 5%	Low to Medium

## Why ETFs?

- An ETF is an open-ended Mutual Fund which trades like a stock; the underlying composition is a basket of securities.
- Most ETFs are like an index fund that tracks a particular index, viz. S&P CNX Nifty. Globally, ETFs have grown in size, with a current size of \$1542 bn (as on Feb 2011).

## Benefits for investors

- Over a 5-year period, 64% of large cap funds have underperformed the S&P CNX Nifty. Investors can benefit by directly investing into the benchmark index.
- Index ETFs present a low-cost option. (Average Expense Ratio of 0.63% p.a. for ETFs as compared to 2.12% for Large Cap Funds)
- More Transparency – ETFs track the underlying index, so the investor is aware where his money is being invested
- More Trading Flexibility – ETFs are priced throughout the day and can be bought and sold on the exchange, where they are listed
- ETFs can be bought or sold in as little as 1 unit multiples

## Why Nifty?

- The S&P CNX Nifty represents 50 of India's premier blue-chip companies, which are well-diversified across sectors – it is a direct play on the India Growth Story.
- Companies part of the index are the most liquid Indian equity securities traded on the National Stock Exchange, comprising 64.38% of the free float market capitalization.

## Who should invest?

- Investors who want to keep investments simple, buy the market (invest in the top 50 quality companies) and keep the costs low.
- Investors who believe in passive investment strategy and are looking for selective diversification.

## About Religare Nifty ETF

- It is an Exchange-Traded Fund that will invest in securities which are constituents of S&P CNX Nifty Index in the same weight as in the underlying index.
- The Fund is designed to generate returns that closely correspond to the returns generated by the securities represented by the S&P Nifty Index, subject to tracking error, if any.
- The fund will follow a passive investment strategy - endeavor to track the benchmark index with as low tracking error as possible.
- It is a low cost option to invest in the Index, which trades like a share.

## Religare Nifty ETF – Key Features

- **Easily Accessible**
  - ✓ **During NFO** – Investors can directly buy from the Fund House.
  - ✓ **Post NFO** – Units will be listed on National Stock Exchange. Investors can buy; sell through their normal brokerage accounts.
- **Cost Effective**
  - ✓ Low on cost compared to index funds.
- **Liquidity**
  - ✓ Not limited to Secondary Market Trading at NSE.
  - ✓ Large Investors and Authorized Participants can create and redeem in lots of 10,000 units directly with the Fund House.
- **Transparent**
  - ✓ Holdings and NAV of Religare Nifty ETF available on a real time basis