

Religare Nifty ETF – NFO Analysis

Fund Features

NFO Date: - 23rd May to 6th June 2011

Scheme Objective	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.		
Type of Fund	An Open Ended ETF		
Bench Mark Index	S&P CNX Nifty		
Min Investment	₹10,000/- and in multiples of ₹1/- thereafter.		
Entry / Exit Loads	NIL		
Fund Manager	Pranav Gokhale		
Asset Allocation	Instruments	Asset Allocation (% of Net Assets)	Risk Profile
	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