

DSP Index Funds

*DSP **NIFTY 50** INDEX FUND*

*DSP **NIFTY NEXT 50** INDEX FUND*

NFO Period: Feb 11 to Feb 15, 2019

Why Passive: Features & Advantages

1. **No human intervention**
2. **Lower cost** as compared to active mutual funds
3. **Invests in survivors & lets go of losers** at every rebalance
4. **Core investment** in the investor's portfolio
5. **Complimentary strategy** to investor's active portfolio

Why are index funds relevant today?

Why are index funds relevant today?

- Introduction of SEBI re categorization which has confined the universe for active large cap fund managers
- Introduction of TRI indices

Proof

Phase 1: CY 2000 to 2009 – good outperformance in the range of 4.4 to 4.9

Phase 2: CY 2010 to 2018 – visible reduction in the outperformance

3 year daily rolling	MF	Nifty 50 TRI	Alpha
2000 to 2009	25.8	21.3	4.5
2010 to 2018	11.1	10.7	0.5

5 year daily rolling	MF	Nifty 50 TRI	Alpha
2000 to 2009	28.5	23.6	4.9
2010 to 2018	12.1	11.9	0.2

Source – MFIE. Active funds which have the same performance track record as the Nifty 50 TRI have been taken into consideration for the purpose of this exercise. SEBI defined large cap funds with daily rolling return have been taken into consideration. **Past performance may or may not be sustained in future.**

First *Meet the Market*, Then try to *Beat the Market*

ABOUT NIFTY 50 INDEX

Nifty 50 Explained

LEADERS IN THEIR SECTOR



EXPERIENCED MULTIPLE
BUSINESS & ECONOMIC
CYCLES



TRUE REPRESENTATION OF
THE ECONOMY

1. **History** of over 28 years starting from July 1990
2. **Diversified Index** with allocation to top 50 stocks and 13 sectors
3. Follows **free float market cap** weight methodology to weight constituents
4. **Rebalanced semi annually** to capture real trends in the economy

Source – MFIE & NSE

Why invest in Nifty 50?

We conducted a study to analyze the performance of the best performing large cap funds vs. a diversified index with the following assumptions:

- At the start of every calendar year, an investor would allocate equally amongst the top 5 ranked active large cap funds based on the past calendar year performance
- This exercise is repeated on an annual basis at the start of every calendar year

Value of Rs. 100,000 invested since 2005

In lakhs

	Active Large Cap Funds	Nifty 50 TRI
Value	6.74	6.22
CAGR	14.6%	13.9%

Source – MFIE, Internal. SEBI defined large cap funds are taken into consideration for the purpose of this study. This study is conducted from the time at least 10 active large cap funds were in existence. Reason to start investment from 2005 is to have 1 year look back performance period to select funds.

Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index and do not in any manner indicate the returns/performance of the Scheme. It is not possible to invest directly in an index.

Investing in Nifty 50 index has been ~equivalent to chasing best performing active funds

Why invest in Nifty 50? (cont'd)

Value of Rs. 100,000 invested at the inception of the sector rally.

In lakhs

Periods	Sector Indices performance	Nifty 50 TRI
2004-2007 (Infra Boom)	6.02	3.43
2008 to 2015 (Pharma)	3.77	1.42
2016 to 2018 (Metals)	1.73	1.42

Source – MFIE, Internal. Performance of sectors have been calculated based on respective sector indices of NSE.

Value of Rs. 100,000 invested since Jan 2004

In lakhs

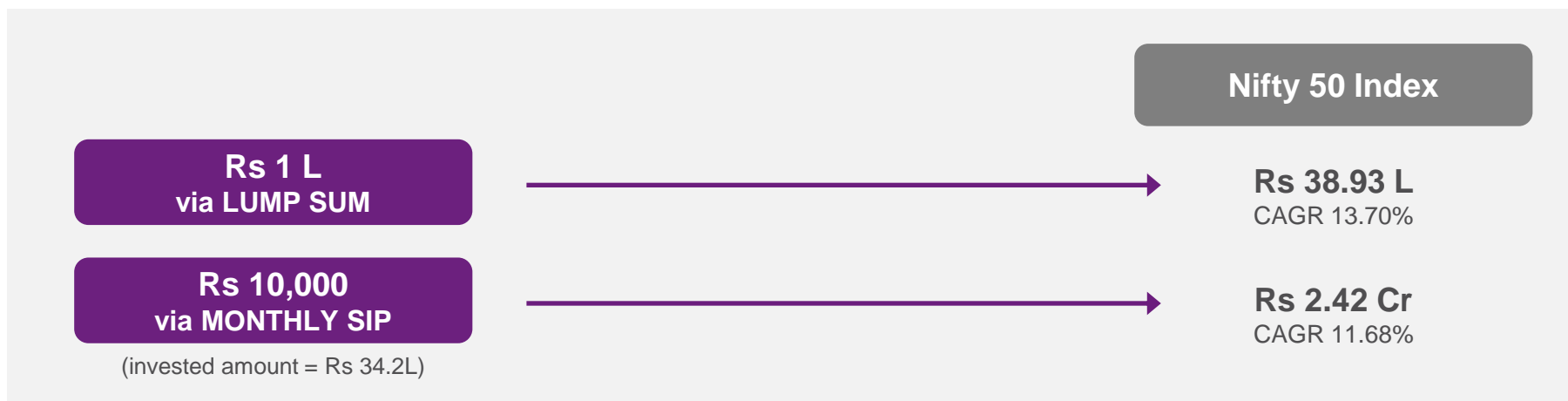
	Nifty Metals Index	Nifty Pharma Index	Nifty Infrastructure Index	Nifty 50 TRI
Value	3.15	4.69	3.18	6.91

Source – MFIE, Internal. Data from 2004 to 2018 as all sectoral index values are available from 2004

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Investments in a diversified index vs. current themes have delivered better long-term results

Historical Performance: Nifty 50 Index



Source –NSE. Data from July 1990 to Dec 2018

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Nifty 50 Index has grown ~39 times in the past 28 years

Sectors & Top Stocks: Nifty 50 Index

Sector	Weights (%)
Financial Services	37.9
Energy	14.7
IT	13.5
Consumer Goods	10.9
Automobile	7.3
Metals	4.2
Construction	4.1
Pharma	2.4
Cement & Cement Products	1.7
Telecom	1.5
Services	0.7
Fertilisers & Pesticides	0.6
Media & Entertainment	0.6
TOTAL	100

Top 10 companies	Weights (%)
HDFC Bank Ltd.	10.5
Reliance Industries Ltd.	8.8
HDFC Ltd.	7.5
Infosys Ltd.	5.8
ITC Ltd.	5.6
ICICI bank Ltd.	5.3
Tata Consultancy Services Ltd.	4.6
Larsen & Toubro Ltd.	4.1
Kotak Mahindra Bank Ltd.	3.9
Hindustan Unilever Ltd.	3.0
TOTAL	59

Source – NSE. Data as on Dec 2018

The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

The Nifty 50 Index is well diversified index across sectors and stocks

ABOUT NIFTY NEXT 50 INDEX

Nifty Next 50 Explained

MEGA CAPS OF
TOMORROW



CAUGHT EARLY

1. **History** of over 22 years with a base date of November 1996
2. **Diversified Index** with allocation to next 50 stocks and 13 sectors
3. Follows **free float market cap** weight methodology to weight constituents
4. **Rebalanced semi annually**

Why invest in Nifty Next 50?

The Nifty Next 50 Index enables an investor to invest in the mega caps of tomorrow as some of the better performing stocks move from Nifty Next 50 Index to the Nifty 50 Index.

Following are the number of stocks which moved on a Calendar Year basis

Calendar Year	No of stocks moved from Nifty Next 50 to Nifty 50 Index
2014	3
2015	4
2016	3
2017	6
2018	3

Source – NSE

Nifty Next 50 index captures mega caps early

Why invest in Nifty Next 50? (cont'd)

We conducted a study to analyze the performance of the best performing large cap funds vs. a diversified index with the following assumptions:

- At the start of every calendar year, an investor would allocate equally amongst the top 5 ranked active large cap funds based on the past calendar year performance
- This exercise is repeated on an annual basis at the start of every calendar year

Value of Rs. 100,000 invested since 2005

In lakhs

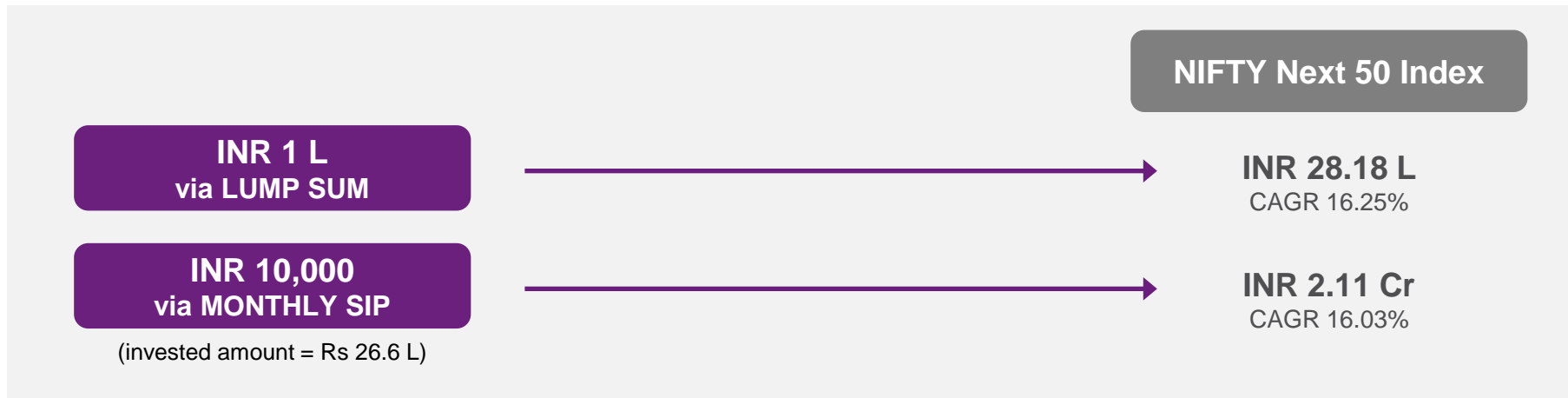
	Active Large Cap Funds	Nifty Next 50 TRI
Value	6.74	7.53
CAGR	14.6%	15.5%

Source – MFIE, Internal. SEBI defined large cap funds are taken into consideration for the purpose of this study. This study is conducted from the time at least 10 active large cap funds were in existence. Reason to start investment from 2005 is to have 1 year look back performance period to select funds.

Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index and do not in any manner indicate the returns/performance of the Scheme. It is not possible to invest directly in an index.

Investing in Nifty Next 50 index has been better than chasing best performing active funds

Historical Performance: Nifty Next 50 Index



Source – NSE. Data from Nov 1996 to Dec 2018

Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the index and do not in any manner indicate the returns/performance of the Scheme. It is not possible to invest directly in an index.

NIFTY Next 50 Index has grown ~28 times in the past ~22 years

Sectors & Top Stocks: Nifty Next 50 Index

Sector	Weights (%)
Consumer Goods	28.5
Financial Services	18.3
Pharma	12.5
Automobile	9.9
Cement & Cement Products	7.5
Industrial Manufacturing	5.1
Energy	4.2
Services	3.9
Metals	3.2
Chemicals	2.5
IT	1.2
Construction	1.2
Telecom	1.0
Media & Entertainment	0.9
TOTAL	100

Top 10 companies	Weights (%)
Britannia Industries	5.5
Godrej Consumer Products	4.6
Dabur India	3.6
Shree Cement	3.1
Piramal Enterprises	3.1
Aurobindo Pharma	3.1
Lupin Ltd	3.0
Motherson Sumi Systems	3.0
Marico Ltd	2.9
United Spirits	2.8
TOTAL	35

Source – NSE. Data as on Dec 2018

The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

The Nifty Next 50 Index is well diversified index across sectors and stocks

NFO Details

Who should invest?

1. **First time investors** who want to access the equity markets
2. Investors who want to *meet the market* at a **low cost**
3. Investors looking for a **diversified equity exposure**
4. Investors who are looking for **positive real return** in the long run
5. Seasoned investors looking to add a **core allocation** to their portfolio

DSP Nifty 50 Index Fund & DSP Nifty Next 50 Index Fund: Scheme Features

Investment Objective	<p>To invest in companies which are constituents of NIFTY 50 TRI Index / NIFTY NEXT 50 TRI Index (underlying Index) in the same proportion as in the index and seeks to generate returns that are commensurate (before fees and expenses) with the performance of the underlying Index</p> <p>There is no assurance that the investment objective of the Schemes will be realized.</p>
Benchmark	<p>For DSP Nifty 50 Index Fund - Nifty 50 TRI Index For DSP Nifty Next 50 Index Fund – Nifty Next 50 TRI Index</p>
Fund Manager	<p>Gauri Sekaria</p>
Asset Allocation	<p>For DSP Nifty 50 Index Fund : Under normal circumstances, it is anticipated that the asset allocation of the Schemes shall be as follows: Equity and equity related securities covered by Nifty 50 Index: 95% to 100% ; Debt and money market instruments: 0% to 5%.</p> <p>For DSP Nifty Next 50 Index Fund : Under normal circumstances, it is anticipated that the asset allocation of the Schemes shall be as follows: Equity and equity related securities covered by Nifty Next 50 Index: 95% to 100% ; Debt and money market instruments: 0% to 5%.</p>
Exit Load	<p>Nil</p>
Minimum Application Amount (First purchase & subsequent purchase)	<p>For both during NFO (except SIP) and after the schemes reopens for ongoing purchase Applicable to both Regular & Direct Plan: For first investment – Rs. 500 and any amount thereafter.</p>
TER	<p>For DSP Nifty 50 Index Fund – Regular Plan : 40 bps; Direct Plan : 20 bps For DSP Nifty Next 50 Index Fund – Regular Plan : 60 bps; Direct Plan : 30 bps</p>

Fund Manager: Gauri Sekaria



Gauri joined DSP Investment Managers in 2017 as Vice President in the ETF & Passive Investments Division. Gauri has over 13 years of experience in management of ETFs and Index Funds.

Prior to joining DSP, she worked for Goldman Sachs Asset Management (erstwhile Benchmark Asset Management Co. Pvt. Ltd.) Gauri is FRM (GARP, USA) and MSc in International Securities Investment & Banking from Henley Business School, UK.

DSPIM

2017

- ▶ Joined DSP Investment Managers Pvt Ltd. to manage passive investments including Exchange Traded Funds and Index Funds

Goldman Sachs

2011 - 2016

- ▶ Designated portfolio manager for GSAM's onshore ETFs.
- ▶ Involved in the successful launch of India's first disinvestment ETF - CPSE ETF & part of working group formed for the new CPSE ETF RFP.
- ▶ Developed market making activities in order to promote growth of ETFs in India

Benchmark Asset Management Co.

2005 - 2011

- ▶ Part of initial founding team who were pioneers in conceptualizing and successfully launching various equity, debt, commodity and international ETFs in India
- ▶ Successfully managed the first Arbitrage/ Derivative Fund launched in India
- ▶ Experience in managing India's first quant based investments under Separate Accounts.

Education

- ▶ FRM (Global Association of Risk Professionals, USA), 2011
- ▶ MSc. International Securities, Investments & Banking, Henley Business School, University of Reading, UK, 2005
- ▶ Bachelors of Business Management (Finance), Bangalore University, 2004

Product Labelling, Suitability and Disclaimers


DSP Nifty 50 Index Fund

An open ended scheme replicating NIFTY 50 Index

This open ended scheme replicating/tracking NIFTY 50 Index is suitable for investor who are seeking*

- Long-term capital growth
- Returns that are commensurate with the performance of NIFTY 50 Index, subject to tracking error.

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



Investors understand that their principal will be at moderately high risk


DSP Nifty Next 50 Index Fund

An open ended scheme replicating NIFTY Next 50 Index

This open ended index linked equity Scheme is suitable for investor who are seeking*

- Long-term capital growth
- Returns that are commensurate with the performance of NIFTY Next 50 Weight Index, subject to tracking error.

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



Investors understand that their principal will be at moderately high risk

Past performance of the sponsor/AMC/mutual fund does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. Each Scheme is required to have (i) minimum 20 investors and (ii) no single investor holding >25% of corpus. If the aforesaid point (i) is not fulfilled within the prescribed time, the Scheme concerned will be wound up and in case of breach of the aforesaid point (ii) the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 5 Business days from the closure of the NFO period. **The name of the Scheme do not in any manner indicate the quality of the Schemes, its future prospects or returns.** All figures and other data given in this document are dated (unless otherwise specified) and the same may or may not be relevant in future and the same should not be considered as solicitation/recommendation/guarantee of future investments by DSP Investment Managers Pvt. Ltd. or its affiliates. The data or figures mentioned in this presentation shall not be construed as indicative yields/returns of any of the Schemes of DSP Mutual Fund ('Fund'). **Past performance may or may not be sustained in the future.** Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of the Fund. **For Schemes specific risk factors please refer the Scheme Information Document ('SID'). For further details, please refer the Statement of Additional Information, SID and Key Information Memorandum cum Application Forms of the respective Schemes, which are available at AMC and Registrar Offices and Investor Service Centres/AMC website viz. www.dspim.com.**

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

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