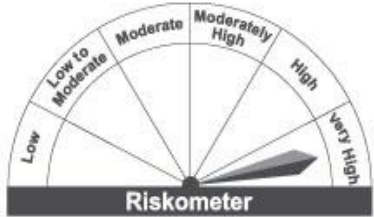
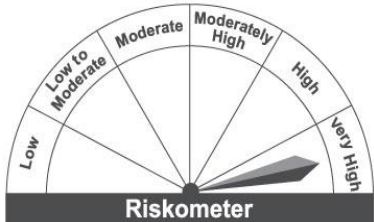


Nippon India Nifty IT Index Fund

(An open-ended scheme replicating/tracking Nifty IT Index)

Product Label	Scheme Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p>	<p>Nippon India Nifty IT Index Fund</p>	<p>Nifty IT TRI</p>
<p>Long term capital growth</p>	 <p>Riskometer Investors understand that their principal will be at Very High risk</p>	 <p>Riskometer Benchmark Riskometer is at Very High risk</p>
<p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them</p>		

Advantages Of Index Fund

Benefits of Investing in an Index Fund

- **Constructed to track an index**

- **Open ended mutual fund**

- **Diversification through a single unit**

- **Generally lower expense ratio as compared to an active managed mutual fund**

- **Performance tracking the underlying benchmark index (subject to expense ratio & tracking error)**

- **Transparent, as the fund will replicate the index**

Nifty IT Index

Nifty IT Index – Methodology

Universe

- Companies should form part of –
 - ✓ Nifty 500^
 - ✓ IT sector

Eligibility

- The company should have a minimum listing history of 1 month as on cutoff date

Selection and Weightage

- Final selection of top 10 companies shall be done based on the free-float market capitalization. Preference will be given to F&O stocks
- Single stock weightage capped at 33% and weightage of top 3 stocks shall not be more than 62% at the time of rebalancing

Index Rebalance

- Semi-annually in March and September

^Incase the number of eligible stocks representing IT sector within Nifty 500 falls below 10, then deficit number of stocks shall be selected from the universe of stocks ranked within top 800, 1000, 1100, 1200 and so on.

For more details, please refer the Methodology

Source: NSE

Nippon India Nifty IT Index Fund – Portfolio

Portfolio					
Sr No.	Stocks	Weightage (%)	Sr No.	Stocks	Weightage (%)
1	Infosys Ltd	26.9	7	Persistent Systems Ltd	5.4
2	Tata Consultancy Services Ltd	24.7	8	Coforge Ltd	4.3
3	HCL Technologies Ltd	9.7	9	Mphasis Ltd	2.5
4	Tech Mahindra Ltd	9.6	10	L&T Technology Services Ltd	1.6
5	Wipro Ltd	8.8	11	Cash and other receivables	0.6
6	LTIMindtree Ltd	6.0			
Total					100.0

The name of the securities mentioned above may or may not form part of portfolio in the future

Data: As on June 30, 2024 | Source: NSE

Evolution of Indian IT Services Business

Phase-1: 1980s – 1990s Business set-up, cost arbitrage

- ◆ Customer specific services
- ◆ Onsite services
- ◆ Low-end support and development

Phase-2: 2000s post dot com Maintenance & support services, non-critical

- ◆ Project based
- ◆ Offshore application development, integration projects, IT support, ERP/CRM
- ◆ Evolution of Fixed price pricing

Phase-3: IT transformation, value-added services – higher end services (2010s post GFC)

- ◆ End-to-end services
- ◆ Global delivery centres
- ◆ Vertical and geographical diversification
- ◆ Process driven services excellence
- ◆ Moving up the value chain
- ◆ Improving business efficiencies
- ◆ Surge of Fixed price contracts

Phase-4: Digital, workplace transformation (2020s post COVID-19)

- ◆ Emerging technologies Cloud, platforms, analytics and Generative AI, etc.
- ◆ Significantly lower dependence on visa (localization, offshoring opportunities due to WFH)
- ◆ Business outcome driven pricing models
- ◆ Domain-specific services

Indian IT – Multiple Growth Drivers

1. Global Spending:

- Industries spend between 5-10% of revenue on technology.
- The global spend on IT services, BPM and Software products was USD 1.9 tn in CY2022 out of which 40% is outsourced.
- India's share of global outsourced spending is ~57-58%, while there is growth potential and market share gains for Indian IT from - higher spending and outsourcing by Enterprises on IT.

2. Diversified Landscape:

- Majority of India's IT export comes from USA (62%), UK (17%) and Europe (11%).
- Industries contributing to India's exports are BFSI (41%), Hi-tech / Telecom (18%), Manufacturing (17%), Retail (10%) and others.

3. Better Business Mix:

- Indian IT companies are changing the business mix in favor of digital technologies which now accounts for 30-40% of revenues.
- Generative AI adoption is likely to improve demand for cloud and data services.

Nifty IT – Recent Past

1. Cut in Discretionary Spending:

- Cut in discretionary spending by enterprises led to pressure on existing revenue base for Indian IT companies.
- Additionally shorter period/ small size deals impacted the growth momentum.

2. Slowdown in Decision Making:

- Initial impact was visible in slowdown in decision making for large deals.
- Clients focused on selected pockets for insourcing leading to further slowdown.

3. Pause in Global Growth:

- Rate hike expectations and slowing economy impacted the spending ability of clients who choose to cut expenses.
- Enterprises focused mainly on cost optimization.

Nifty IT – What Lies Ahead?

1. Better Macro in Developed Markets:

- IT companies are expected to see higher growth backed by –
 - (i) Better spending environment and
 - (ii) Macro indicators like inflation & interest rate cycle to provide comfort
- However, continued geo-political volatility and elections across major part of the world has kept customer sentiment in check.

2. Deal Wins:

- Recent strong deals secured in the past quarters provide a positive outlook on better revenue growth for the fiscal year 2025.
- Discretionary demand may not deteriorate further and as timing of interest rate cuts get clear

3. Performance of Verticals:

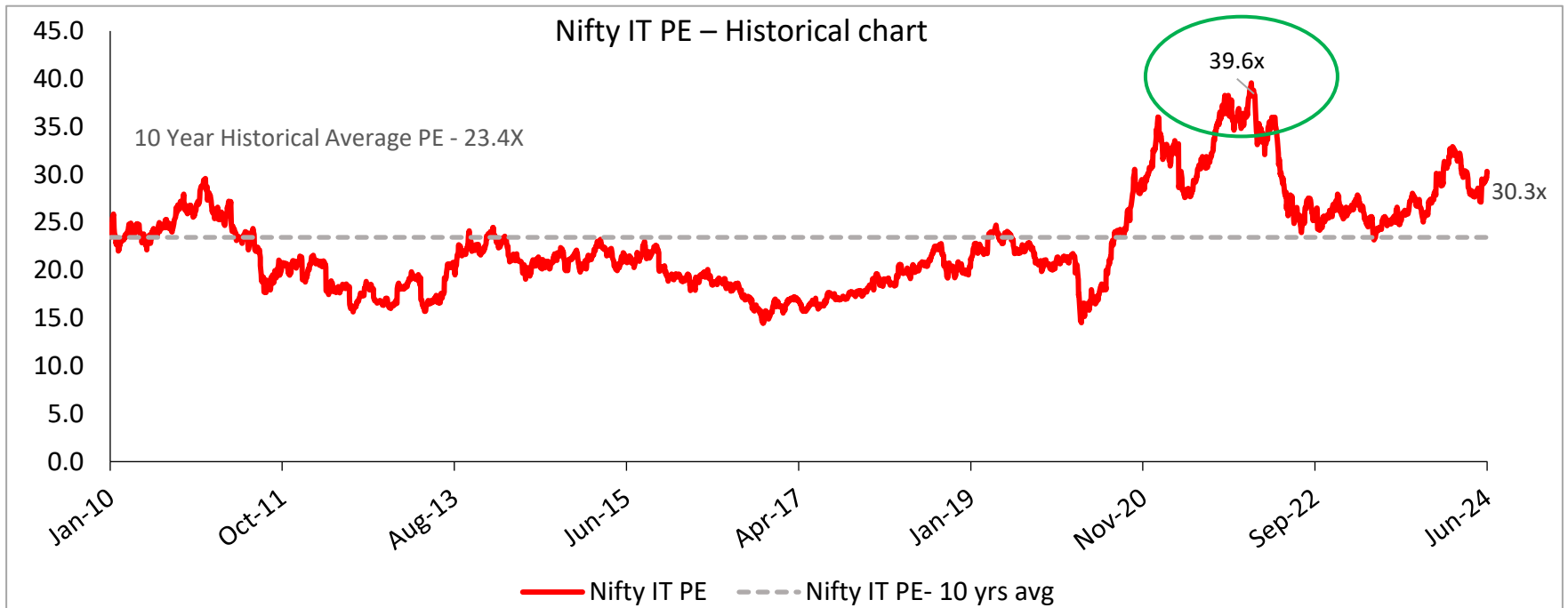
- Recovery in laggard verticals – TMT and BFSI may lead to better revenue visibility.
- Energy and Healthcare verticals are expected to be stable.

4. Valuations:

- 1Year forward P/E multiples have settled in the 19-28x range for large cap IT and 25-30x for mid-cap IT companies.
- Large cap companies with strong client relationships, scale to invest in digital assets and reasonable valuations are likely to remain more stable.

Nifty IT – Valuations

Price-to-Earnings (P/E) Ratio			Nifty IT valuation Premium to Nifty 50
Dates	Nifty IT PE	Nifty 50 PE	
Current	28-Jun-24	30.3	32%
10 years back	30-Jun-14	21.2	3%



➤ **Nifty IT index is currently trading at a PE of 30.3x, much below the peak PE of 39.6x achieved in January 2022**

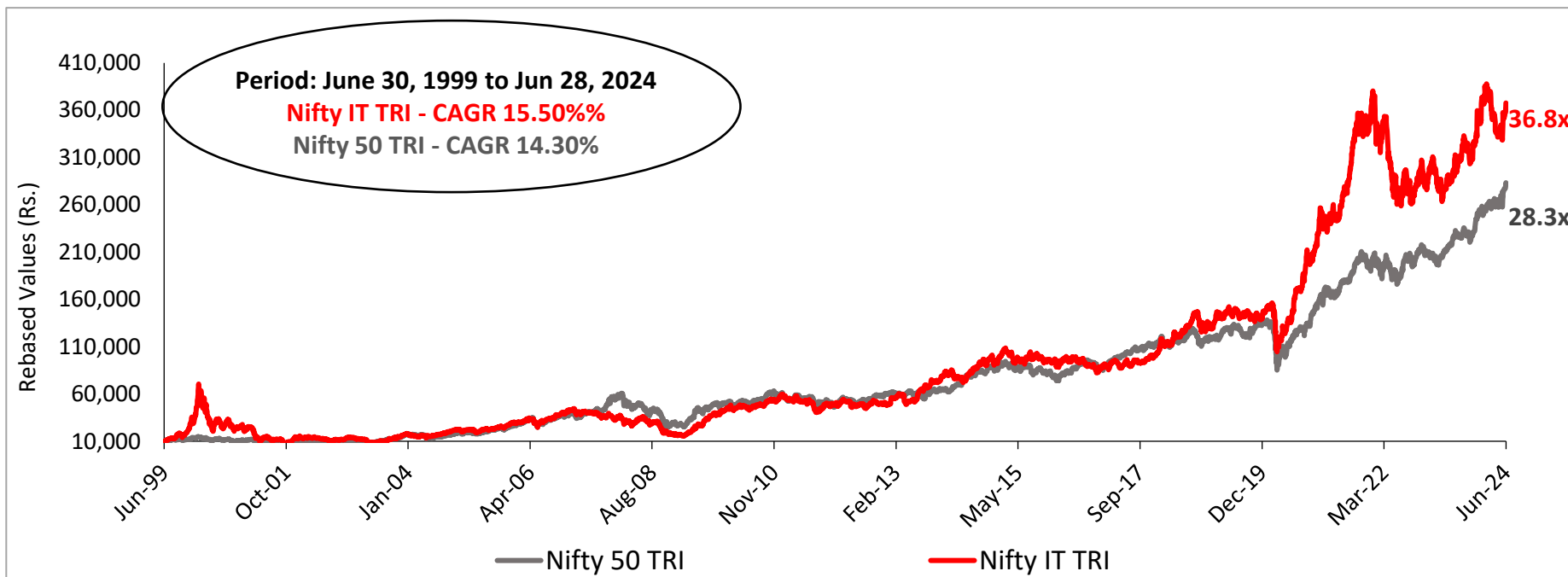
Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: As on Jun 30, 2024 | Source: NSE

Performance of Nifty IT Index

Performance – Since Inception of Nifty IT Index

Performance	Absolute (%)			Compound Annualized (%)			
Index Name	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Nifty IT TRI	1.4	7.3	4.2	8.4	28.5	18.5	18.3
Nifty 50 TRI	3.7	6.7	6.6	22.9	24.5	13.7	14.0



➤ Nifty IT Index has outperformed Nifty 50 Index in long run

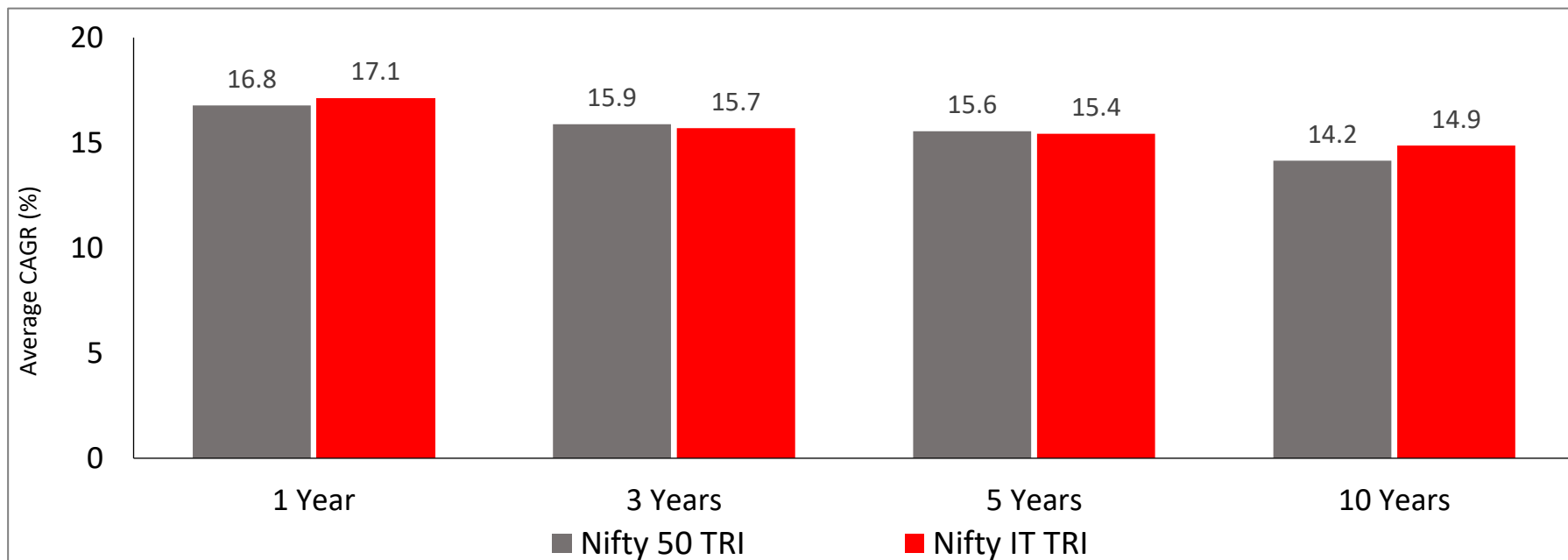
➤ Rs 10,000 Invested in Nifty IT at start has compounded to approx. Rs. 3.7 lakhs As on June 30, 2024

Less than 1 year are Absolute returns, Greater than 1 year are Compound Annualized returns | Total Return Index (TRI) values rebased to 10,000 from June 30, 1999 | Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: As on June, 30, 2024 | Source: NSE

Performance – Rolling Returns

Outperformance of Nifty IT vs Nifty 50 on Rolling Returns				
Particulars	1 Year	3 Years	5 Years	10 Years
No. of Instances	5842	5343	4834	3595
% Instances Outperformed	50%	53%	53%	61%



➤ **Nifty IT index has outperformed Nifty 50 Index over longer periods**

Rolling returns are compounded annualized and calculated on a daily frequency basis | Total Return Index (TRI) values used for calculation
 Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data as on Jun 30, 2024

Period for Rolling returns: Jan 01, 2000 to Jun 30, 2024

Source: MFI

Correlation

Correlation based on Rolling Returns				
Nifty IT vs Nifty 50				
Year	1 Year	5 Year	10 Year	15 Year
15 Year				0.18
10 Year			0.28	
5 Year		0.52		
1 Year	0.73			

➤ **Nifty IT Index has lower correlation vs Nifty 50 in longer periods helping portfolio diversification**

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

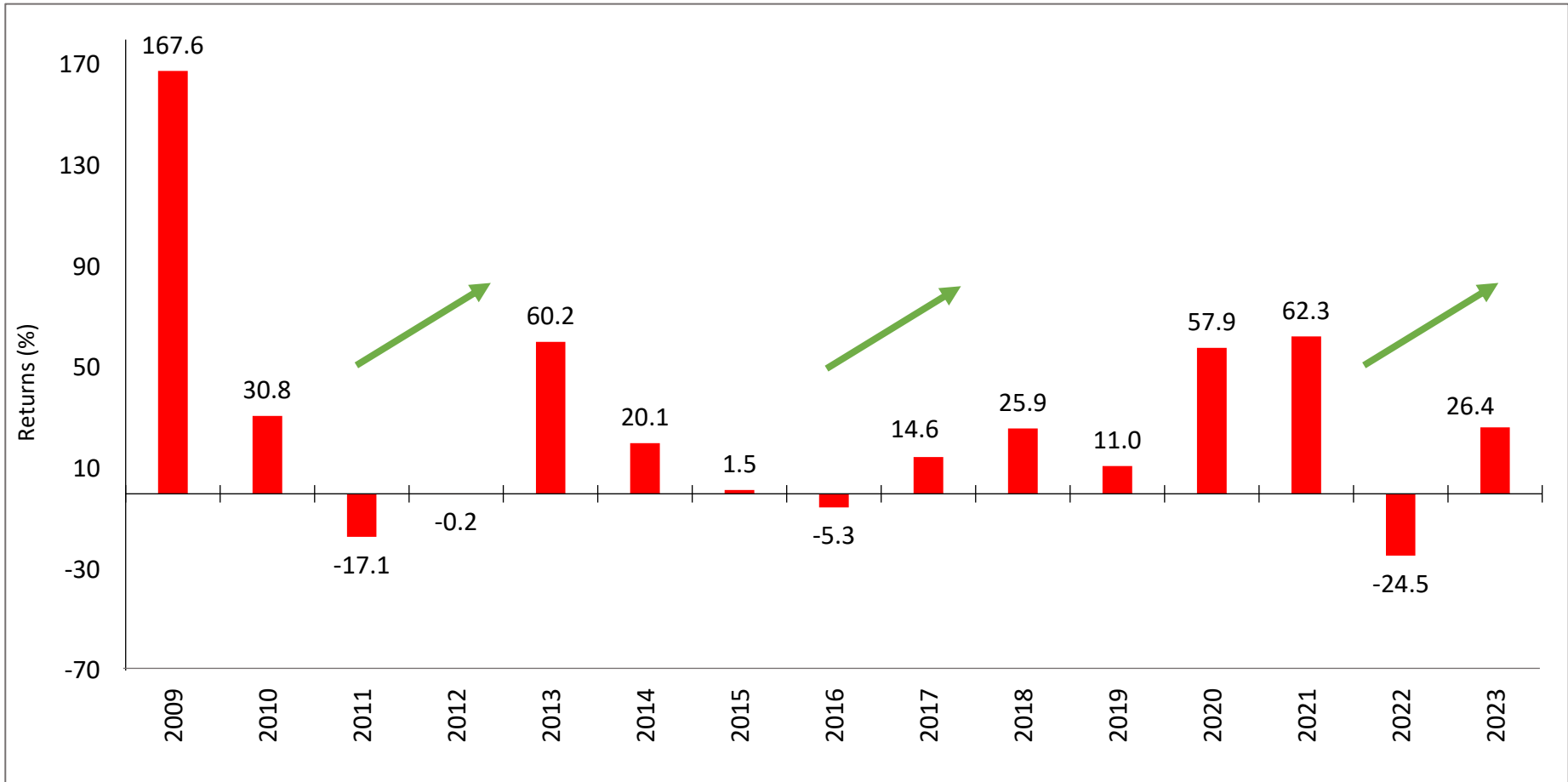
Rolling Returns are Compounded Annualized

Total Return Index (TRI) values used for calculation

Data: Jan 01, 2000 to Jun 30, 2024

Source: MFI

Performance – Calendar Year Returns



- Nifty IT Index has given positive returns in 11 out of 15 calendar years
- Underperformance is followed by outperformance in next year

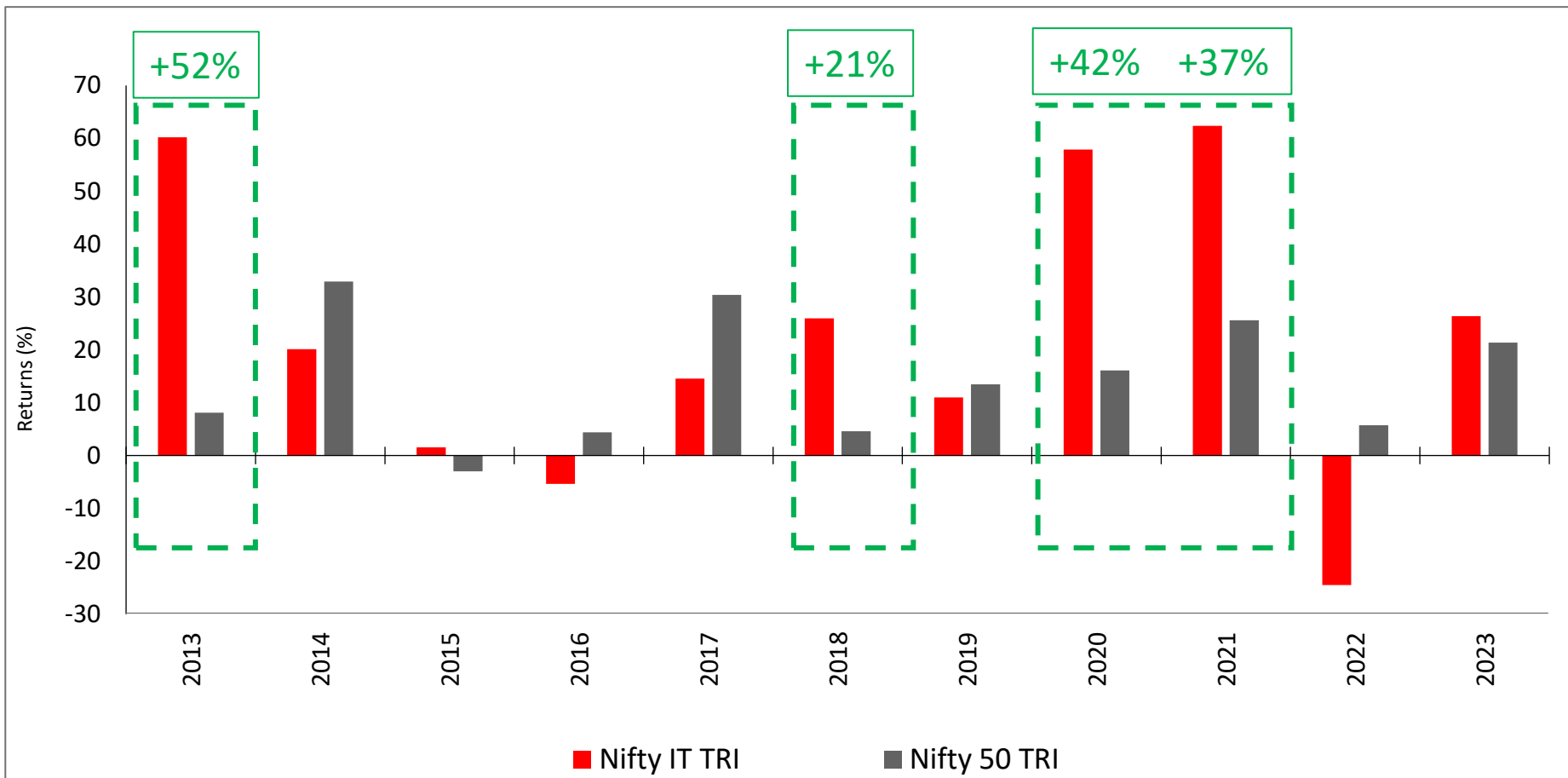
Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Total Return Index (TRI) values used for calculation

Data: Calendar years from January to December

Source: MFI

Performance – Calendar Year Returns Vs Nifty 50



- **Nifty IT has given stronger outperformance vs Nifty 50 index when in momentum**
- **Nifty IT underperformance is followed by outperformance in next year**

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Total Return Index (TRI) values used for calculation

Data: Calendar years from January to December

Source: MFI

Performance – Rolling SIP Analysis

Particulars	1 Year	3 Years	5 Years	10 Years
No. of Observations	289	265	241	181
Instances of Positive Returns	67%	83%	96%	100%
Average Returns	19%	17%	18%	16%
Standard Deviation	42%	19%	10%	3%

- Rolling SIP in Nifty IT Index has generated consistently higher returns
 - The standard deviation over long term is lower

Table based on Monthly rolling SIP since inception month of Nifty IT TRI | SIP Installment of Rs.10,000 on 5th day of every month | Valuation on month end date of SIP ending period | Fractional units have been considered for calculation purpose | SIP Rolling Returns are calculated on the basis of XIRR returns
Period of Observation: Jun 30, 1999 to Jun 30, 2024 | Total Return Index (TRI) values used for calculation

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Source: MFI

Fund Overview

Nippon India Nifty IT Index Fund – About The Scheme

Investment objective

The investment objective of the scheme is to provide investment returns that commensurate to the total returns of the securities as represented by the Nifty IT Index before expenses, subject to tracking errors. There is no assurance that the investment objective of the Scheme will be achieved.

Asset Allocation

Instruments	Indicative Allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Securities constituting Nifty IT Index	95%	100%	Very High
Cash & cash equivalents and Money Market instruments, Reverse repo and / or Tri-Party Repo on Government securities or Treasury bills and/or units of money market / liquid schemes#	0%	5%	Low to Medium

#The Scheme may invest upto 5% net assets in money market / liquid schemes without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of the NAV of the Mutual Fund in accordance with Clause 4 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

For more details, please refer the Scheme Information Document.

Type of scheme

An open-ended scheme replicating/tracking Nifty IT Index.

Why Invest in Nippon India Nifty IT Index Fund

Sector Exposure

- Provides exposure to top 10 Information Technology stocks listed on NSE

Reduced Risk

- Elimination of non-systematic risks like stock picking and portfolio manager selection

Convenience

- Will also allow non-demat account holders to seek exposure to IT sector

SIP Investments

- Investors can avail the benefit of Systematic Investment Plan (SIP)

Low Cost

- Exposure to IT sector via low cost[^] index fund

Nippon India Nifty IT Index Fund – Details

Scheme Features	
Benchmark Index	Nifty IT TRI
Fund Manager	Himanshu Mange
Load Structure	Exit Load : NIL
Minimum application amount (during NFO & ongoing basis)	During Ongoing Basis: Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter Additional amount of Rs.1,000 and in multiples of Re.1 thereafter
Plans	The Scheme offers following Plans under Direct Plan and Regular Plan: a) Growth Plan b) Income Distribution cum capital withdrawal Plan
AUM (As on June 28, 2024)	Rs. 128 Crs
Total Expense Ratio (As on June 28, 2024)	Direct – 0.25% Regular – 0.88%

Disclaimer

- **Risk Factors:** Mutual Funds and securities investments are subject to market risks such as trading volumes, settlement risk, liquidity risk and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme. The present scheme is not a guaranteed or assured return scheme. For more details, refer Scheme Information Document (SID).

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Thank you for your time!