

Nippon India CRISIL-IBX AAA Financial Services-Jan 2028 Index Fund

(An open-ended Target Maturity Index Fund investing in constituents of CRISIL-IBX AAA Financial Services Index-Jan 2028. A Moderate Interest Rate Risk and Relatively Low Credit Risk)

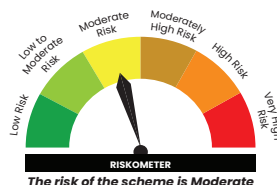
Product label

This product is suitable for investors who are seeking*:

- Income over Target Maturity Period
 - An open-ended Target Maturity Index Fund tracking CRISIL-IBX AAA Financial Services Index-Jan 2028, subject to tracking errors.
 - Investments in AAA Financial Services Sector Corporate Bonds
- *Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

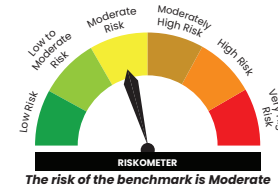
Scheme Riskometer

Nippon India CRISIL-IBX AAA Financial Services-Jan 2028 Index Fund



Benchmark Riskometer

CRISIL-IBX AAA Financial Services Index-Jan 2028



Potential Risk Class (PRC)

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)	A-II		
Relatively High (Class III)			

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Nippon Life India Asset Management Limited (NAM India) is one of the largest asset managers with more than 28 years of experience in managing wealth of investors with a robust distribution network in India and a global reach through its various subsidiaries.

Why Index Fund?

- ▶ **Less of Ambiguity:** The Index funds investment strategy & security selection is clearly defined, holding securities as per the underlying Index in the same weightages (subject to expense ratio & tracking error).
- ▶ **Diversification** – Buying a single unit offers diversification benefit in the entire index companies / issuers.
- ▶ **Low Cost** – Generally less expensive than investing in multiple individual securities. (Low cost with respect to Total Expense Ratio)

Strategies used through Index Funds

- ▶ **Liquidity Management** – Index funds can be used for a given percentage of each asset class to provide a liquidity buffer across the asset allocation.
- ▶ **Portfolio Completion** – Index funds allow investors to gain exposure to an asset class that is under-represented in the asset allocation.
- ▶ **Portfolio Transitions** – Since index funds are passive funds, they may help maintain market exposure while there are changes in securities holdings in a portfolio, hence avoids the risk of missing any market movement.

Nippon India CRISIL-IBX AAA Financial Services – Jan 2028 Index Fund

Investment Objective :

The investment objective of the scheme is to provide investment returns that are commensurate with the total returns of the securities as represented by the CRISIL-IBX AAA Financial Services Index – Jan 2028 before expenses, subject to tracking errors. There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy :

Nippon India CRISIL-IBX AAA Financial Services – Jan 2028 Index Fund is a passively managed Index fund which will employ an investment approach designed to track the CRISIL-IBX AAA Financial Services Index – Jan 2028. The Scheme will invest at least 95% of its total assets in the instruments representing the underlying Index. Accordingly, the Scheme will invest in instruments in line with the benchmark index of the Scheme. The Scheme may also invest in money market instruments to meet the liquidity and expense requirements. Being a target maturity scheme, it will mature on the Maturity Date.

The Scheme shall replicate the underlying debt index subject to the requirements as specified under para 3.5 of SEBI Master Circular on Mutual Funds dated June 27, 2024.

For more details on Investment Strategy, please refer to the Scheme Information Document.

Why Invest in Nippon India CRISIL-IBX AAA Financial Services – Jan 2028 Index Fund?

- **High Quality[#]:** Investment in AAA rated financial services sector corporate bonds
- **Higher Carry :** Higher carry vis-à-vis similar maturity G-sec instruments
- **Buy & Hold :** A bond like structure with fixed maturity provides clear visibility as fund endeavours to buy & hold the underlying bonds till maturity, subject to semiannual index rebalancing
- **Roll down Strategy :** The scheme would potentially benefit from declining interest rates
- **Opportunity :** Will also allow non demat account holders to seek exposure in passive debt fund via investing in Nippon India CRISIL – IBX AAA Financial Services – Jan 2028 Index Fund
- **No lock-in :** Subscribing and redeeming units with mutual fund anytime during the life of the fund.
- **Reduce Risk :** Reduction in non-systematic risk like security selection and portfolio manager selection, as the fund will apply buy & hold strategy and follow the index.
- **Low Cost :** Fund will be managed at low cost[^].
- **Fixed Maturity Date :** The scheme will mature on a fixed maturity date.

[^] Low cost as compared to active mutual fund schemes in terms of total expense ratio

[#]High Quality refers to AAA rated securities

About CRISIL – IBX AAA Financial Services Index – Jan 2028

Introduction

Target Date	31st January 2028
Eligible Period	Securities maturing in 6-month period ending 31st January 2028
Asset Allocation	AAA – Corporate Bonds: 100%
Base Date	6th October 2024
Base Index Value	1000

The index seeks to track the performance of AAA issuers from the financial services sector maturing near target date of the index. This is a sectoral index consisting of only issuers from financial services sector

Methodology

Eligibility criteria:

- AAA-rated corporate bond issuers in the financial services sector with conservative rating of AAA only.
- Perpetual bonds, Floating rate bonds, Tax free bonds, CE/SO Rated, Partly Paid, Partial Redemption, Securitized debt and bonds with embedded call/put options are excluded from the universe of bonds.
- Issuing entity should be domiciled in India and should satisfy either of the following amount outstanding criteria:
 1. HFC issuers as available in the list mentioned on the nhb.org.in website with minimum outstanding amount of Rs.7000 Cr in all the bonds of the issuer across maturity.
 2. NBFC issuers as available in the RBI list of Non-Banking Financial Companies (NBFCs) with minimum Outstanding amount of Rs.7000 Cr in all the bonds of the issuer across maturity.
 3. Public Financial Institutions (PFIs) owned and managed by GOI as available in the RBI list of Public Financial Institutions (PFIs) with minimum outstanding amount of Rs.7000 Cr in all the bonds of the issuer across maturity.
 4. Private and public sector banks as per RBI with minimum outstanding amount of Rs.3,30,000 Cr in all the bonds of the issuer across maturity.

Securities Selection Methodology:**Issuer Selection:**

1. All eligible financial services corporate bond issuers as per the eligibility criteria listed above and having bonds maturing in the eligible period will be shortlisted as on 27th September 2024.
2. Up to 20 most liquid issuers will be selected based on liquidity score. If less than 8 issuers are available, remaining issuers will be selected based on the total amount outstanding of issuers having securities in the eligible period.
3. Liquidity score for issuers will be calculated based on the volume traded (70%), number of trades (15%) and days traded (15%), for all the securities of the issuer across maturity, in the previous 12 months, as on 27th September 2024.

Security Selection:

1. Only listed securities will be eligible to be part of the Index.
2. For each issuer selected, one security having maturity nearest to the target date as evaluated during the inception date of the index shall be selected, from securities maturing in eligible period, with minimum amount outstanding of Rs. 100 crores.

Weighing Approach:

1. Weights to individual securities will be divided equally.
2. Weights to the issuers will be subject to group caps of 25% each as evaluated during the inception date of the index. The 25% group caps are not applicable to PSUs, PFIs and PSBs as mentioned in the SEBI circular SEBI/HO/IMD/DOF2/P/CIR/2022/69
3. The weights of the issuers may change due to relative price movements which will be reset on a semi annual basis (on the first business day of the semi annual period).
4. Any cash flows accruing to the index on account of coupon cash flows, will be reinvested on the same day in the index in the proportion of existing weights.
5. Each issuer will be subject to a cap of 15%

Rebalancing and Downgrade:

- The rebalancing review will be done on a semi-annual basis (April, October).
 - During the semi-annual rebalancing, if the count of issuers is below 20 and a new issuer meets the eligibility criteria as mentioned above and comes within the top 8 rank based on liquidity score of previous 12 months, then only it will be added to the index till the count becomes 20. The weights of the issuers will be reset as mentioned above during the semi-annual rebalancing (subject to group and issuer caps)
 - The security of the newly added issuer within the eligibility period and nearest to the target date of the index will be selected.
 - The selected securities of each issuer in the index will be held till maturity unless there is another security of the same issuer with maturity date nearer to the target date of the index during semiannual rebalancing in which case it will be replaced by the later.
 - If the issuer cap or group cap is being breached, additional / excess amount may be proportionately invested in the rest of the securities of the index.
 - In case if any AAA issuer gets downgraded, such issuer shall be excluded from the index within 5 working days.
 - When the issuer is excluded in between rebalancing, the weight of the issuer will be redistributed proportionally in rest of the issuers of the index, subject to the caps. If an issuer gets excluded in between rebalancing, new issuer will be added during the next rebalancing based on the issuer addition criteria mentioned above.
1. As the index includes securities that shall mature during the six month period ending on the final maturity date of the index, any proceeds from the redemption of securities prior to the final maturity date of the index shall be reinvested according to following waterfall approach: -
 - a. The proceeds from security redemption will be reinvested in the longest maturity outstanding security issued by the same issuer (SDL in case of state/UT and Bond/money market instrument in case of corporate bond) and maturing on or just before the index maturity date with the same weightage. This will be subject to single issuer limit in compliance with the Norms for Debt Exchange Traded Funds (ETFs)/Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 on May 23, 2022.
 - b. In case a replacement in the form of outstanding security of the same issuer cannot be found for reinvestment then the proceeds from such redemption shall be reinvested in the remaining portfolio on the same date in the proportion of the existing weights. This will be subject to single issuer limit in compliance with the Norms for Debt Exchange Traded Funds (ETFs)/Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 on May 23, 2022
 - c. In case due to any reason, it is not possible to meet any norms as prescribed by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, then the proceeds from such redemption shall be reinvested in a T-Bill maturing on or just before the index maturity date
 - d. If the last outstanding security (including T-Bill) in the index matures before the final index maturity date, all redemption proceeds shall be re-invested in The Clearing Corporation of India Ltd.'s (CCIL) TREPS overnight rate tracked by CRISIL Overnight index for any subsequent days till the maturity of the index.

The effective date of rebalancing shall be first working day of the rebalancing Period.

Any index having maturity date on a weekend (Saturday or Sunday), on a holiday, or on an unplanned market off, will mature on the next working day.

When the securities in the scheme's portfolio are nearing maturity, the scheme must adhere to a waterfall mechanism. Due to corporate bonds entering a non-trading phase from the record date until maturity, fund managers are unable to sell these securities during this period. To manage liquidity and ensure smooth fund operations and fund redemption if any reported during the shut period of the bond part of the portfolio, the fund manager would follow the waterfall mechanism as outlined in the index methodology prior to shut period of the securities instead of after maturity of such bonds.

To achieve this, the fund manager must sell these securities before the record date and reinvest the proceeds as per the waterfall mechanism

provided in the Index methodology provided by the index provider.

This approach is intended to effectively manage liquidity and maintain seamless fund operations during redemption periods in target maturity index funds and ETFs nearing final maturity.

Index Service Provider: CRISIL Research

Scheme Portfolio of Nippon India CRISIL – IBX AAA Financial Services – Jan 2028 Index Fund as on 31st December, 2024

Sr. No	Name of Securities	Weightage (%)	Sr. No	Name of Securities	Weightage (%)
1	7.96% HDB Financial Services Limited	14.49%	10	8.37% Kotak Mahindra Investments Limited	3.67%
2	7.95% LIC Housing Finance Limited	7.28%	11	7.74% Power Finance Corporation Limited	3.65%
3	7.98% Bajaj Housing Finance Limited	7.28%	12	8.12% Bajaj Finance Limited	3.64%
4	7.95% ICICI Home Finance Company Limited	7.27%	13	7.59% National Housing Bank	3.64%
5	8.01% Mahindra & Mahindra Financial Services Limited	7.25%	14	7.99% Kotak Mahindra Prime Limited	3.63%
6	7.92% Aditya Birla Finance Limited	7.24%	15	7.54% Indian Railway Finance Corporation Limited	3.63%
7	7.71% Tata Capital Housing Finance Limited	7.23%	16	7.56% REC Limited	3.62%
8	7.68% Tata Capital Limited	7.21%	17	Cash & Other Receivables	4.19%
9	7.62% National Bank For Agriculture and Rural Development	5.08%			
Total					100.00%

Note: The securities mentioned form a part of the portfolio and may or may not form a part of the portfolio in future. Please read Scheme Information Document carefully for more details and risk factors.

Key Details as on 31st December, 2024

Annualised Portfolio YTM*	7.73%
Residual Maturity**	2.86 Years
Modified Duration	2.42 Years
Macaulay Duration	2.60 Years

*In case of semi annual YTM, it has been annualised

**Since Residual Maturity is at portfolio level, it's a weighted average of residual maturity of all securities in the portfolio

Scheme Features of Nippon India CRISIL-IBX AAA Financial Services – Jan 2028 Index Fund

Nature of Scheme	An open-ended Target Maturity Index Fund investing in constituents of CRISIL-IBX AAA Financial Services Index – Jan 2028. A Moderate Interest Rate Risk and Relatively Low Credit Risk			
Benchmark	CRISIL-IBX AAA Financial Services Index – Jan 2028			
Fund Manager	Vivek Sharma & Siddharth Deb			
Inception date	October 25, 2024			
Indicative Asset Allocation	Instruments	Indicative asset allocation (% of total assets)		Risk Profile
		Minimum	Maximum	
	Instruments representing the CRISIL-IBX AAA Financial Services Index – Jan 2028	95%	100%	Moderate
	Cash and Cash Equivalents & Money Market instruments and/ or Schemes which invest in the money market securities or Liquid Schemes	0%	5%	Low to Moderate
(For more details please refer Scheme Information Document)				
Transparency/NAV Disclosure	Nippon India Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI's website www.amfiindia.com by 11:00 p.m. on the day of declaration of the NAV and also on mf.nipponindiaim.com			
Load Structure	Exit Load: Nil			

Minimum Application Amount	Minimum application amount and Minimum additional investment is Rs. 1000 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

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