

# Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 Maturity 60:40 Index Fund

(An open-ended Target Maturity Index Fund investing in constituents of Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index. A Relatively High interest rate risk and Relatively Low Credit Risk)

Offer of Units of Rs. 10/- each during the New Fund Offer and Continuous offer for Units at NAV based prices

<b>New Fund Offer Opens on</b>	<b>March 22, 2022</b>
<b>New Fund Offer Closes on</b>	<b>March 23, 2022</b>

# Advantages of Index Fund

# Benefits of Investing in an Index Fund

## Index Funds Advantages

Constructed to track an index

Open ended mutual fund

Diversification through even a single unit

Generally lower expense ratio as compared to an active fund

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

Transparent, as the fund will mimic the index

# Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index

# About Index

## Type of Securities

Index seeks to measure the performance of portfolio of AAA CPSE bonds & SDLs

Maturing during the twelve month period ending April 30, 2027

## Security Category Weightage

Proportion of investment into AAA CPSE bonds and SDLs will be 60% & 40% respectively at the time of index launch and subsequent quarterly index rebalancing to maintain the ratio

## Defined Maturity

Index shall mature on April 30, 2027 and hence has defined maturity date

## Index Strategy

Index would use buy and hold strategy wherein the portfolio selected at the time of launch would be held till maturity date, subject to quarterly index rebalancing

## Index Computation

Index is computed using the total return methodology including price return and coupon return

Source: NSE

# AAA CPSE Bond Component Index Methodology

## Issuer Eligibility

- Central Public Sector Enterprises (CPSEs), Maharatna, Navratna and Miniratna as listed on DPE & DIPAM website, Public Financial Institutions (PFIs) owned and managed by GOI and Statutory body set-up by Act of Parliament are eligible to be part of the index

## Issuer Selection

- Eligible issuers having credit rating of “AAA” (Triple A) and having eligible bonds maturing during the twelve month period ending April 30, 2027 at the time of index creation/review are shortlisted
- 9 Issuers based on the highest composite liquidity score are selected to be part of the index
- Composite liquidity score is calculated by allocating 80% weights to aggregate trading value, 10% weights to number of days traded and 10% weight to number of trades of all the eligible bonds of issuers during the twelve month period prior to January 31, 2022

## Bond Selection

- As of January 31, 2022, for every selected issuer, most liquid bond based on composite liquidity score calculated based on the trades available during the latest month is part of the index
- Composite liquidity score is calculated by allocating 80% weight to aggregate trading value, 10% weight to number of days traded and 10% weight to number of trades of the bond
- If no bonds of an issuer are traded in the last 12 months, the bond with the longest maturity to be part of the index
- Only one bond per issuer to be part of the index

## Weight Assignment

- Each issuer that is part of the AAA CPSE Bond component (constituting 60% of index) is given equal weight at the time of base date of the index
- Subsequently, the security level weights may drift due to price movement and accordingly, the total 60% weight of the AAA CPSE Bond component may also drift
- Any coupon amount received is assumed to be reinvested in the portfolio on the same date, in the proportion of the existing weights

Source: NSE

# SDL Component Index Methodology

## Eligibility Norms

- SDL should not be a special security

## Issuer Selection

- 13 states/UTs are selected based on their outstanding amount maturing during the twelve month period ending April 30, 2027

## Security Selection

- As on January 31, 2022, most recently issued SDL of each of the selected 13 states/UTs from the universe maturing during the twelve month period ending April 30, 2027 is selected. Selected 13 securities will continue to remain in the index till they mature
- Only one SDL per state/UT to be part of the index

## Weight Assignment

- Each state that is part of the SDL component (constituting 40% of index) is given equal weight as on the base date of the index
- Subsequently, the security level weights may drift due to price movement and accordingly, the total 40% weight of the SDL component may also drift
- Any coupon amount received is assumed to be reinvested in the portfolio on the same date, in the proportion of the existing weights

# Index Rebalancing & Termination

## Index Rebalancing

- During the quarterly review, the total weights to the AAA CPSE Bond and SDL components will be reset to the original 60:40 and the underlying security level weights within each component will also be reset to equal weight
- At the end of each calendar quarter, in case there is a breach of 15% issuer limit, excess weight will be redistributed proportionally
- Due to any reason leading to rebalancing, if the total number of AAA CPSE issuers in the index is 5 and above, then the total weight of the AAA CPSE securities being excluded will be redistributed among the remaining AAA CPSE securities proportionally. This will be subject to 15% issuer limit
- If the total number of issuers in AAA CPSE category falls below 5, then new issuers will be added to the index based on index methodology to take the issuer count in AAA CPSE category to 5
- Any proceeds from Bond/SDL redemption prior to the maturity date of the index shall be re-invested in the outstanding security of the same issuer having longest maturity or Treasury Bills or overnight Tri-Party Repos (TREPS) till the maturity of the index

## Index Termination

- The index shall mature on 30th April 2027



# Index Constituents

Sr. No.	Issuer	Maturity Date	Weightage (%)
1	7.83% Indian Railway Finance Corporation Limited	21-Mar-27	6.67%
2	7.90% Inland Waterways Authority Of India	03-Mar-27	6.67%
3	7.13% NHPC Limited	11-Feb-27	6.67%
4	7.54% REC Limited	30-Dec-26	6.67%
5	8.4% Nuclear Power Corporation Of India Limited	28-Nov-26	6.67%
6	7.36% Power Grid Corporation Of India Limited	18-Oct-26	6.67%
7	7.62% Export-Import Bank Of India	01-Sep-26	6.67%
8	6.09% Power Finance Corporation Limited	27-Aug-26	6.67%
9	8.10% NTPC Limited	27-May-26	6.67%
10	7.61% Uttar Pradesh Government	26-Apr-27	3.08%
11	7.25% Tamil Nadu Government	31-Mar-27	3.08%
12	7.64% West Bengal Government	29-Mar-27	3.08%
13	6.72% Kerala Government	24-Mar-27	3.08%
14	7.85% Bihar Government	15-Mar-27	3.08%
15	6.45% Rajasthan Government	25-Jan-27	3.08%
16	6.04% Gujarat Government	20-Oct-26	3.08%
17	5.99% Madhya Pradesh Government	01-Sep-26	3.08%
18	6.24% Maharashtra Government	11-Aug-26	3.08%
19	5.70% Karnataka Government	15-Jul-26	3.08%
20	6.24% Telengana Government	27-May-26	3.08%
21	6.39% Andhra Pradesh Government	20-May-26	3.08%
22	6.24% Haryana Government	06-May-26	3.08%
<b>Total</b>			<b>100.00%</b>

The above index consisting of 22 securities belonging to 9 government owned entities and 13 states/UTs, maturing during the twelve month period ending April 30, 2027, is prepared considering data cut-off date of January 31, 2022

The above constituents may or may not form part of index in future

Source: NSE

# Fund - Overview

# Scheme Details

## • Investment Objective

The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.

## • Asset Allocation

Instruments	Indicative asset allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Bonds issued by CPSEs/PFIs* and other Government organizations representing the bonds portion of Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index	95%	100%	Low to Medium
State Development Loans (SDLs) representing the SDL portion of Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index			Low to Medium
Cash and Cash Equivalents & **Money Market instruments	0%	5%	Low to Medium

\*CPSE – Central Public Sector Enterprise | Public Financial Institution (PFI)

\*\*Money Market Instruments will include treasury bills and government securities having a residual maturity upto one year, Tri-Party Repos on Government securities or Treasury bills, Commercial Deposits (CDs) & Commercial Papers (CPs) on CPSEs/PFIs and other Government organizations as specified by the Reserve Bank of India/SEBI from time to time after seeking necessary approval, wherever required.

For more details, refer Scheme Information Document (SID).

## • Type of Scheme

An open-ended Target Maturity Index Fund investing in constituents of Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index. A Relatively High interest rate risk and Relatively Low Credit Risk.

# Why Invest in Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 Maturity 60:40 Index Fund

## Relatively Safe

- The Fund would predominantly invest into AAA CPSE Bonds and State Development Loans (SDLs) which are government securities. Hence, it is relatively safe as compared to Equity and Debt funds

## Opportunity

- Will allow non demat account holders to seek exposure in passive debt fund via investing in Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 60:40 Index Fund

## Relatively lower tax

- Tax efficient due to mutual fund indexation benefit

## 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

# Investment Strategy

- Scheme would predominantly invest into AAA CPSE Bonds and State Development Loans (SDLs) representing Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index
- Securities which will form part of the scheme portfolio are expected to have in the aggregate, similar key characteristics of the underlying index in terms of maturity profile and type of securities
- Scheme will follow Buy and Hold investment strategy in which existing AAA CPSE Bonds and SDLs will be held till maturity, subject to quarterly index rebalancing
- Portfolio will be rolled down in line with the index, hence incremental investment will be in AAA CPSE Bonds and SDLs representing the index
- In case of maturity of any or all AAA CPSE Bonds and SDLs which are part of the Scheme portfolio, the maturity proceeds will be deployed in the outstanding security of the same issuer having longest maturity or Treasury bills or Tri-Party Repos on Government securities or Treasury bills, till the scheme “Maturity Date”
- Scheme will mature in line with the maturity of the index

# Feature Comparison


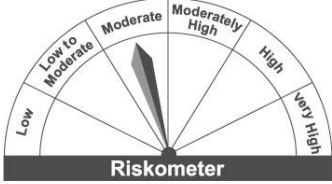
Parameter	Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 Maturity 60:40 Index Fund	Other Open Ended Debt Mutual Funds	Individual Bonds	Fixed Deposit	Small Saving Scheme
Liquidity	✓	✓	--	--	--
Defined Maturity	✓	--	✓	✓	✓
Tax Efficiency – Indexation	✓	✓	--	--	--
Easy accessibility as an investment tool	✓	✓	--	✓	✓

# Fund Details - Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 Maturity 60:40 Index Fund

Scheme Features	
<b>NFO Opens on</b>	March 22, 2022
<b>NFO Closes on</b>	March 23, 2022
<b>Benchmark Index</b>	Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index
<b>Fund Manager</b>	Vivek Sharma & Siddharth Deb
<b>Load Structure</b>	Entry Load & Exit Load : NIL
<b>Minimum application amount (during NFO &amp; ongoing basis)</b>	<p><b>During NFO</b> Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter</p> <p><b>During Ongoing Basis</b> 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</p>
<b>Plans</b>	<p>The Scheme offers following Plans under Direct Plan and Regular Plan:</p> <ul style="list-style-type: none"> <li>a) Growth Plan</li> <li>b) Income Distribution cum Capital Withdrawal Plan</li> </ul>



# Product Label & Potential Risk Class Matrix

Product Label	Fund Riskometer	Benchmark Riskometer
This product is suitable for investors who are seeking*:	Nippon India Nifty AAA CPSE Bond Plus SDL – Apr 2027 Maturity 60:40 Index Fund	Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index
<ul style="list-style-type: none"> <li>Income over long term</li> <li>Investments in CPSE Bonds &amp; State Development Loans (SDLs) similar to the composition of Nifty AAA CPSE Bond Plus SDL Apr 2027 60:40 Index, subject to tracking errors</li> </ul>	 <p><b>Riskometer</b> Investors understand that their principal will be at Moderate risk</p>	 <p><b>Riskometer</b> Benchmark Riskometer is at Moderate risk</p>
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them		

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)			
Relatively High (Class III)	A-III		

The product labelling & PRC assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.



# 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).

## Disclaimers

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

Thank you for your time!