

Nippon India Passive Flexicap FoF

(An Open-ended Fund of Funds Scheme investing in units of
ETFs/Index Funds of Nippon India Mutual Fund)

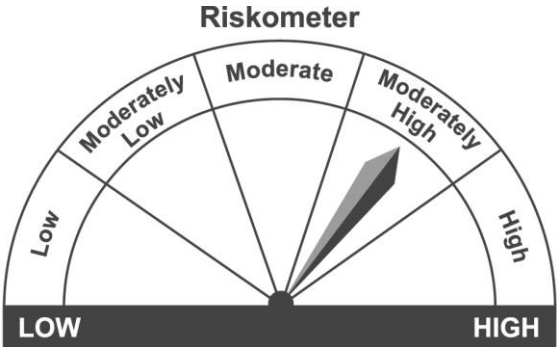
NFO opens on: December 10, 2020

NFO closes on: December 24, 2020

Good gets *better*

Product Label

(Nippon India Passive Flexicap FoF - An Open-ended Fund of Funds Scheme investing in units of ETFs/Index Funds of Nippon India Mutual Fund)

PRODUCT LABEL	
<p>Nippon India Passive Flexicap FoF is suitable for investors who are seeking*:</p>	 <p>Riskometer</p> <p>LOW HIGH</p> <p>Low Moderately Low Moderate Moderately High High</p> <p>Investors understand that their principal will be at Moderately High risk</p>
<ul style="list-style-type: none">• Long term capital appreciation• Investment predominantly in units of ETFs/Index Funds of Nippon India Mutual Fund <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	

Investment Strategy

The Fund of Funds scheme will predominantly invest in units of ETFs/Index Funds of Nippon India Mutual Fund based on the average allocation of all active Multicap Funds in the industry into large, mid and small cap stocks as provided by CRISIL every month.

Why it is important to remain
invested across market caps?

Market Caps performance can be significantly different...

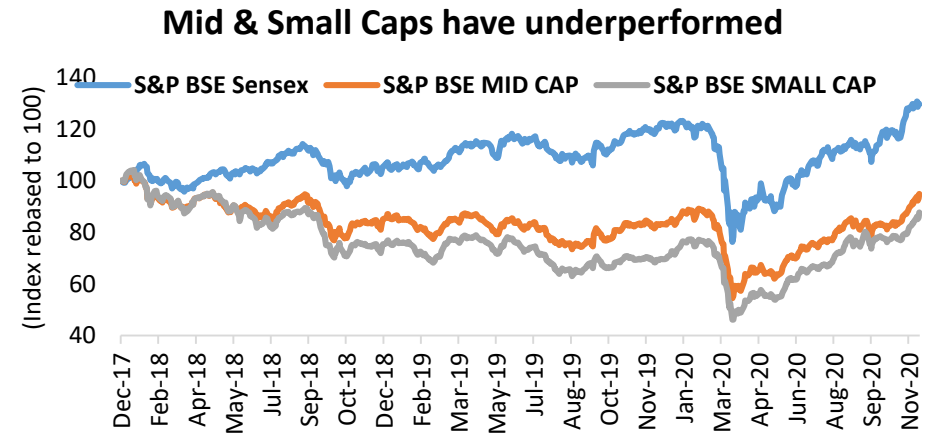
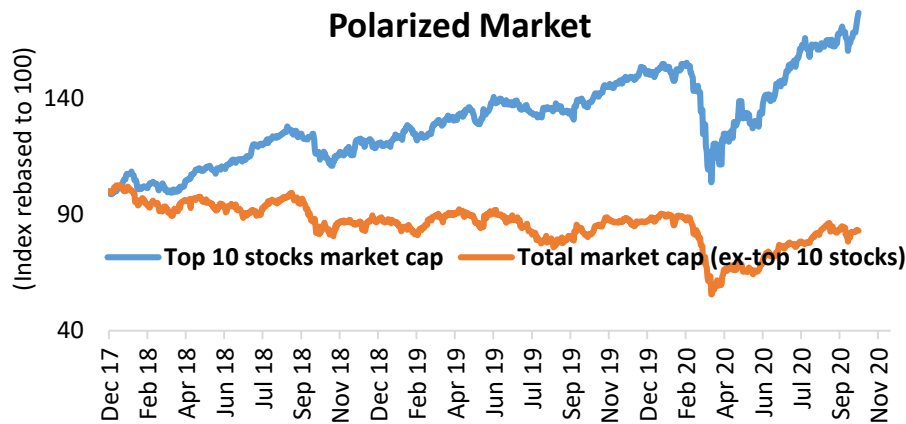
2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Large Cap 10.9	Large Cap 2.6	Small Cap 61.0	Mid Cap 9.3	Mid Cap 8.7	Small Cap 71.1	Large Cap 7.6	Mid Cap 40.4	Large Cap -24.8	Mid Cap 17.7
Mid Cap -2.1	Mid Cap -12.5	Mid Cap 50.0	Large Cap 5.0	Small Cap 7.7	Mid Cap 56.9	Mid Cap -4.0	Small Cap 34.8	Midcap -33.3	Small Cap 17.3
Small Cap -5.9	Small Cap -22.8	Large Cap 33.4	Small Cap 2.7	Large Cap -2.0	Large Cap 34.2	Small Cap -9.7	Large Cap 32.0	Small Cap -41.7	Large Cap 17.2

Hence, staying invested across market caps may help generate potentially better returns over the long run.

Note: 1) For Large Cap, S&P BSE 100 TRI returns are considered; 2) For Mid Cap, S&P BSE Mid Cap TRI returns are considered; 3) For Small Cap, S&P BSE Small Cap TRI returns are considered; 4) The above table shows calendar year returns for last 10 years 5) TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks, thereby showing a true picture of returns. 6) Source: MFI Explorer.

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

Recent Narrow markets present a Mean Reversion Opportunity



- Massive divergence in equities since the beginning of 2018 as **returns have been concentrated in few stocks and sectors.**
- Only select index heavyweights & themes have done well while the **broader markets have underperformed.**

Index	Jan'18 to Nov'20 Absolute Return (%)	Differential (%)
Nifty 50	24.3	18.8
Nifty 50 Equal Weight	5.5	
Nifty 100	20.0	20.5
Nifty100 Equal Weight	-0.4	

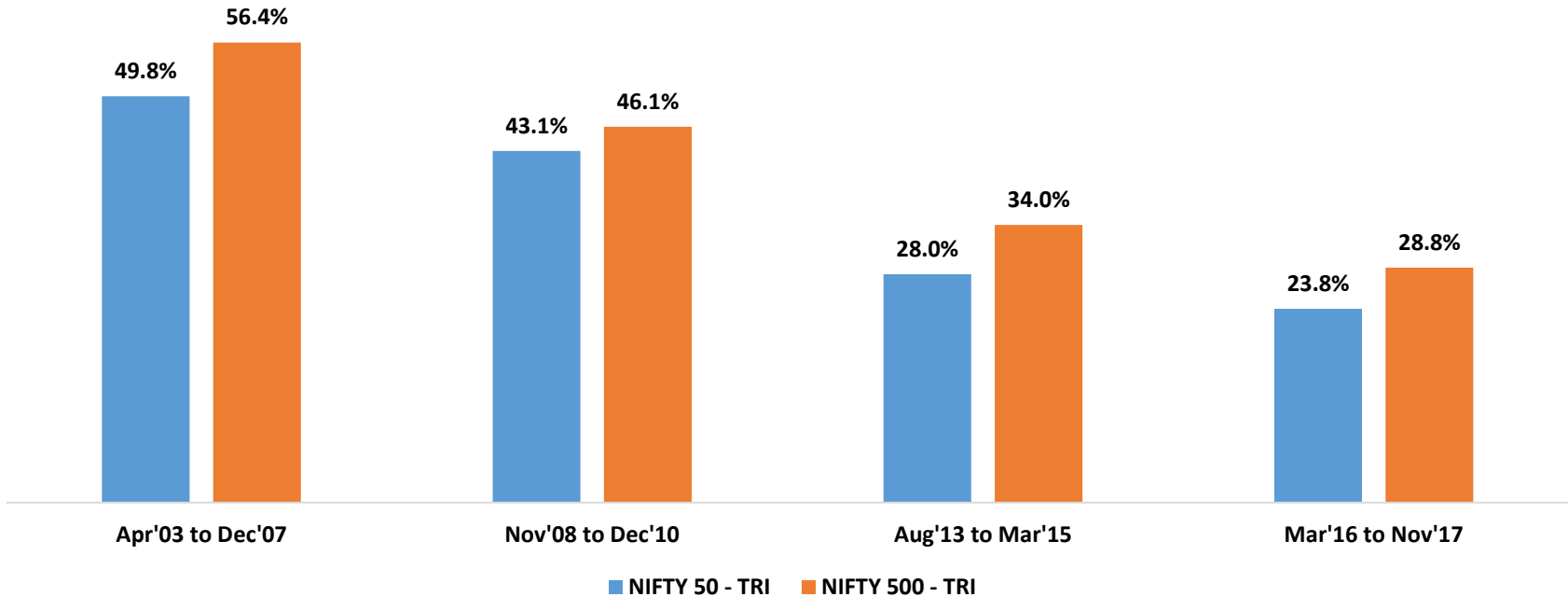
Polarization is well depicted by the **divergence in performance of Nifty indices & Nifty Equal Weight indices.**

Source: Bloomberg, MFI Explorer.

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Broader Markets tend to outperform in Uptrend Phases

Broader Markets tend to outperform in Uptrends



- Broader markets tend to relatively outperform during bull markets as seen in the past.
- Current phase is very similar to previous phases when broader markets outperformed after witnessing a period of underperformance.

TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks, thereby showing a true picture of returns.

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How the Diversified Equity/Multicap strategy has captured varying market trends

Year	Average Large cap Exposure	Average Mid cap Exposure	Average Small cap Exposure	
2010	64%	18%	19%	Higher allocation to Large caps; Large caps outperformed
2011	70%	16%	13%	
2012	69%	18%	14%	
2013	68%	18%	14%	Higher allocation to Mid & Small caps; Mid & Small caps outperformed
2014	62%	21%	17%	
2015	63%	21%	16%	
2016	65%	21%	14%	Higher allocation to Large caps; Large caps outperformed
2017	67%	20%	13%	
2018	72%	18%	10%	
2019	76%	17%	8%	

Industry tends to anticipate & capture the market trend

Note: 1) AUM weighted Market cap allocation of all the funds in the Diversified Equity/Multi cap category were considered; 2) The above data is for last 10 calendar years; 3) Source: MFI Explorer.

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Capturing Market Cap trend is difficult. But identifying the winner in the Diversified Equity/Multicap space is even more difficult...

Winners keep changing...

Year	Q1	Q2	Q3	Q4	Return Range
2010	Fund 1	Fund 2	Fund 3	Fund 4	10.0%
2011	Fund 4	Fund 3	Fund 1	Fund 2	7.7%
2012	Fund 1	Fund 2	Fund 4	Fund 3	21.2%
2013	Fund 4	Fund 3	Fund 1	Fund 2	3.7%
2014	Fund 1	Fund 2	Fund 3	Fund 4	13.4%
2015	Fund 4	Fund 1	Fund 3	Fund 2	6.0%
2016	Fund 2	Fund 3	Fund 4	Fund 1	13.9%
2017	Fund 1	Fund 2	Fund 3	Fund 4	10.8%
2018	Fund 4	Fund 1	Fund 2	Fund 3	8.0%
2019	Fund 4	Fund 2	Fund 3	Fund 1	9.5%

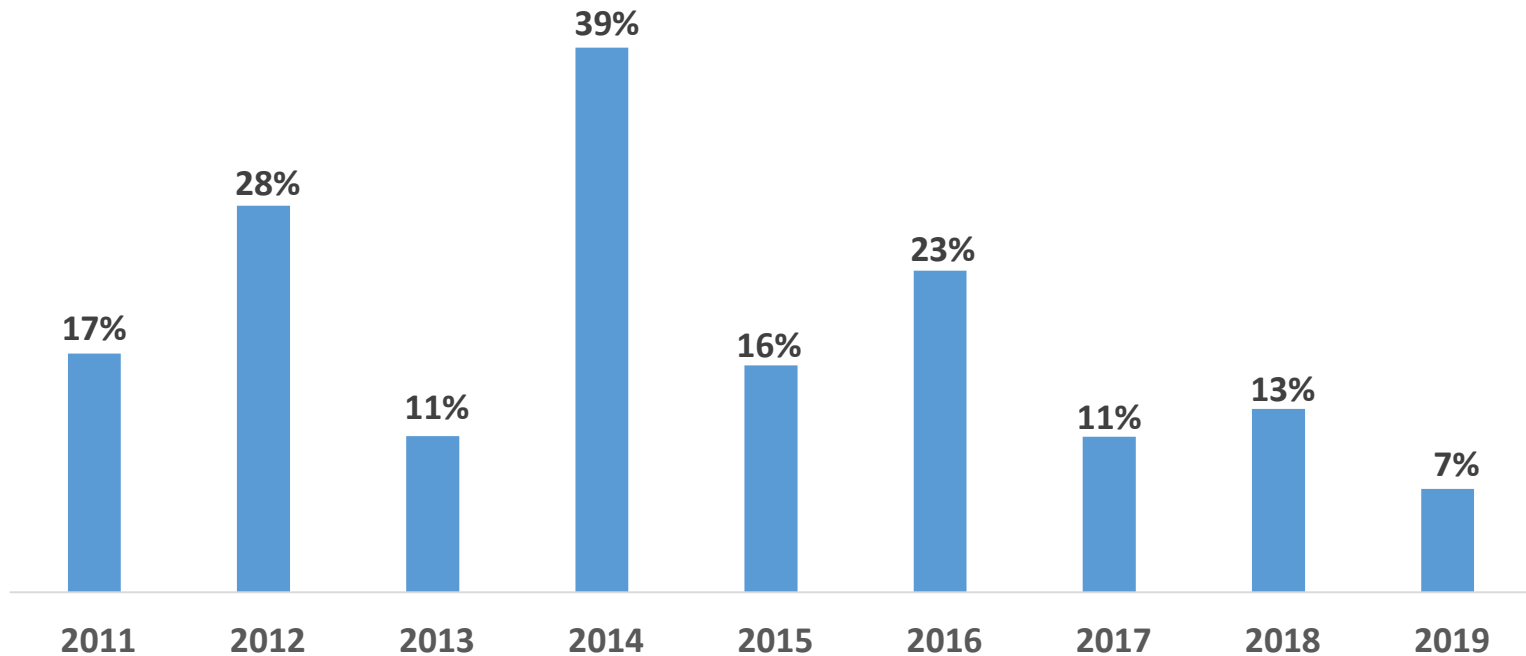
Even the divergence among funds has been very stark.

Note: The above table is for illustrative purpose only just to explain the variation in returns and should not be construed as an investment advice or direct or indirect solicitation for the scheme or the performance.

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Difficult to spot 'Winners'

AUM of Top 5 best performing funds as a %age of Category AUM



Historically, in any year, on an average only ~20% of AUMs are in the Top 5 best performing funds.

Note: AUMs of Top 5 best performing funds based on calendar year returns for every year have been considered.

Source: MFI Explorer.

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Presenting

Nippon India Passive Flexicap FoF

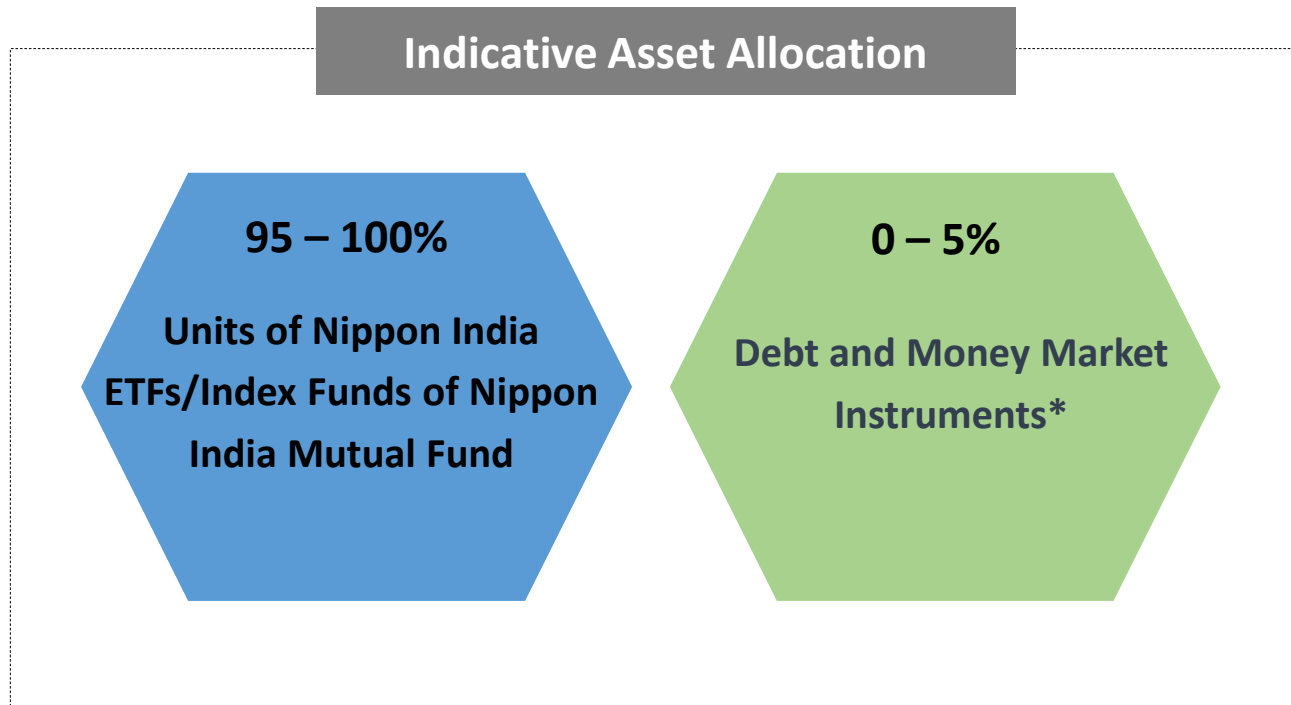
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**A Passive Fund investing across market caps
with an aim to capture market wisdom along
with industry wisdom**

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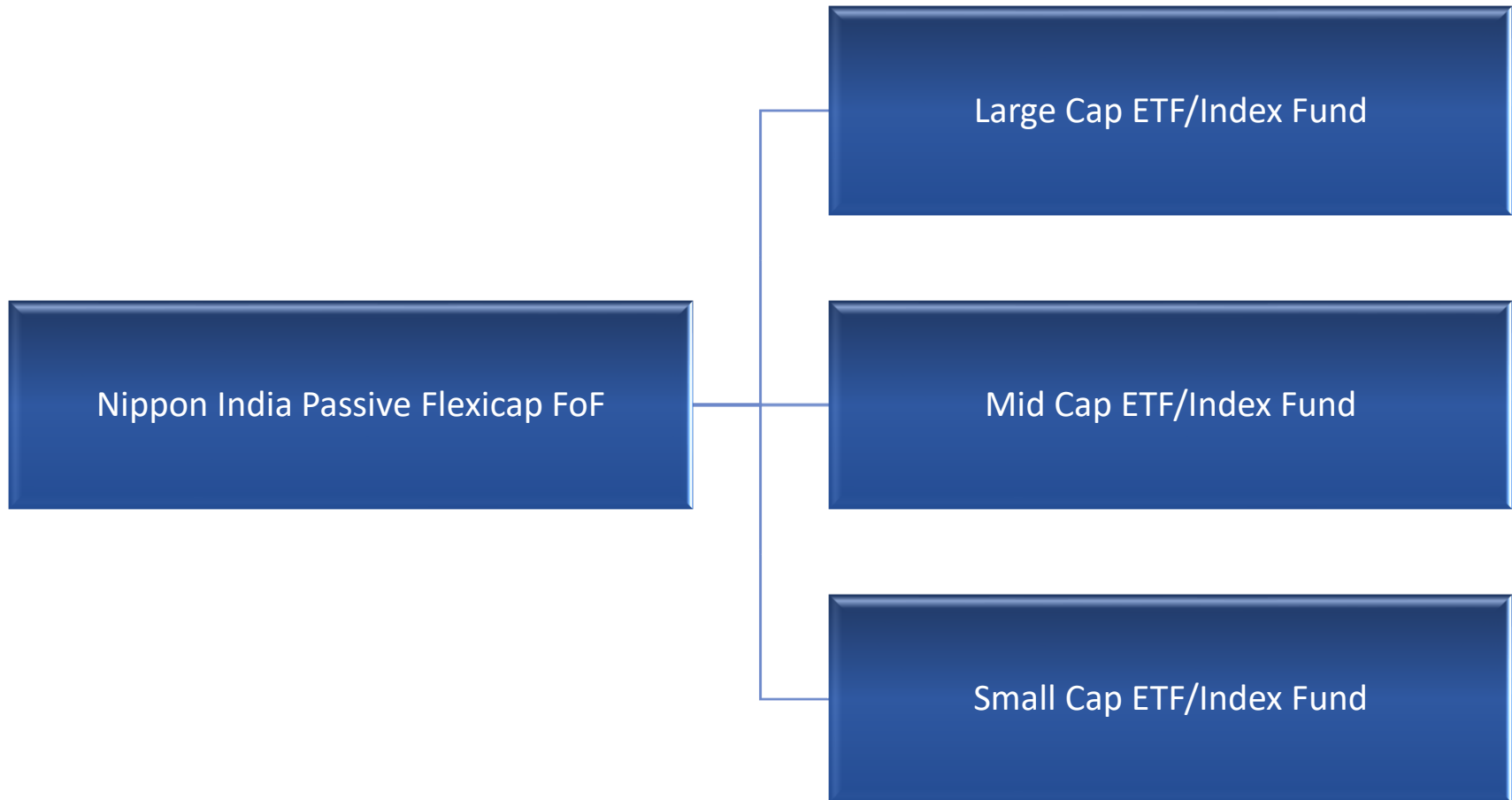
Investment Objective & Probable Asset Allocation

The investment objective of the Scheme is to seek to long term capital growth by investing in units of ETFs/Index Funds of Nippon India Mutual Fund. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.



*Include units of Liquid Schemes launched by SEBI registered Mutual Funds or schemes that predominantly invest in money market instruments. For complete details please refer SID.

Investment Strategy



The Fund will invest in units of ETFs/Index Funds of Nippon India Mutual Fund basis the Industry's Multicap category allocation as provided by CRISIL every month. The rebalancing will be done on a monthly basis.

What the Fund proposes to deliver!

1

Participation across market caps

2

Aims to capture Market Wisdom (ETF/Index Funds) as well the collective wisdom of Fund Managers (industry category allocation towards various market caps)

3

Endeavors to eliminate individual Fund Manager biases towards market cap allocation and Sector / Stock selection

4

Aims to generate returns relative to markets with relatively lower volatility

Note: The Fund of Funds scheme will predominantly invest in units of ETFs/Index Funds of Nippon India Mutual Fund based on the average allocation of all active Multicap Funds in the industry into large, mid and small cap stocks as provided by CRISIL every month.

Taxation over 3-yr period – An Illustration

Particulars	Other than Equity Taxation	Equity Taxation
	Individuals	Individuals
	With Indexation	Without Indexation
Amount of Investment (Rs.)	100,000	100,000
Assumed Return (p.a)* (CAGR) (%)	12.00%	12.00%
Tenor (in days)	1095	1095
Tenor (in years)	3.00	3.00
Amount at the end of investment period (Pre-Tax Market Value)	140,493	140,493
Capital Gains (Rs.)	40,493	40,493
CAGR (%)	12.00%	12.00%
Indexed Cost (Rs.)	112,486	NA
Indexed Gain/ (Loss) (Rs.)	28,006	NA
Tax Rate (%)	23.92%	11.96%
Tax (Rs.)	6,669	4,843
Post Tax Gain (Rs.)	33,794	35,650
Total Amount Realised (Post Tax Market Value) (Rs.)	133,794	135,650
Post Tax CAGR (%)	10.19%	10.70%

Over 3-year period, Post Indexation, tax differential between Other than Equity & Equity is relatively much lower

Note: 1) The above table is for illustrative purpose only and should not be construed as an investment advice or direct or indirect solicitation for the scheme or the performance. 2) Since Nippon India Passive Flexicap FoF will also invest in an open ended scheme replicating/tracking an index - and this underlying index fund is not listed & traded on a recognized stock exchange, the FoF will be qualified as other than equity oriented fund for taxation purpose in the hands of investor. 3) Surcharge has been considered at 15% assuming the individual income exceeds Rs 1 crore but is less than Rs 2 crores. 4) The inflation rate has been assumed @4% for the purpose of indexation.

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/mutual fund distributors with respect to the specific amount of tax and other implications arising out of his or her participation in the scheme.

Scheme Features

Scheme Name	Nippon India Passive Flexicap FoF
Type of Scheme	An Open-ended Fund of Funds Scheme investing in units of ETFs/Index Funds of Nippon India Mutual Fund
Benchmark	Nifty 500 TRI
Minimum Application Amount	Rs 5,000 and in multiples of Re. 1 thereafter
Load Structure	Entry Load - Not Applicable Exit Load - Nil

Note: Investors are requested to note that they will be bearing the recurring expenses of the fund of funds scheme, in addition to the expenses of underlying schemes in which the fund of funds scheme makes investments.

Disclaimer

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

Thank you for your time!

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