

DSP Nifty 50 Equal Weight Index Fund

(erstwhile known as DSP Equal Nifty 50 Fund)

Simple yet smart way to take large cap exposure

Mutual fund options investors have in large-cap space

Active Large cap Funds

OR

Passive Funds

**Broad based index
(e.g. Nifty 50)**

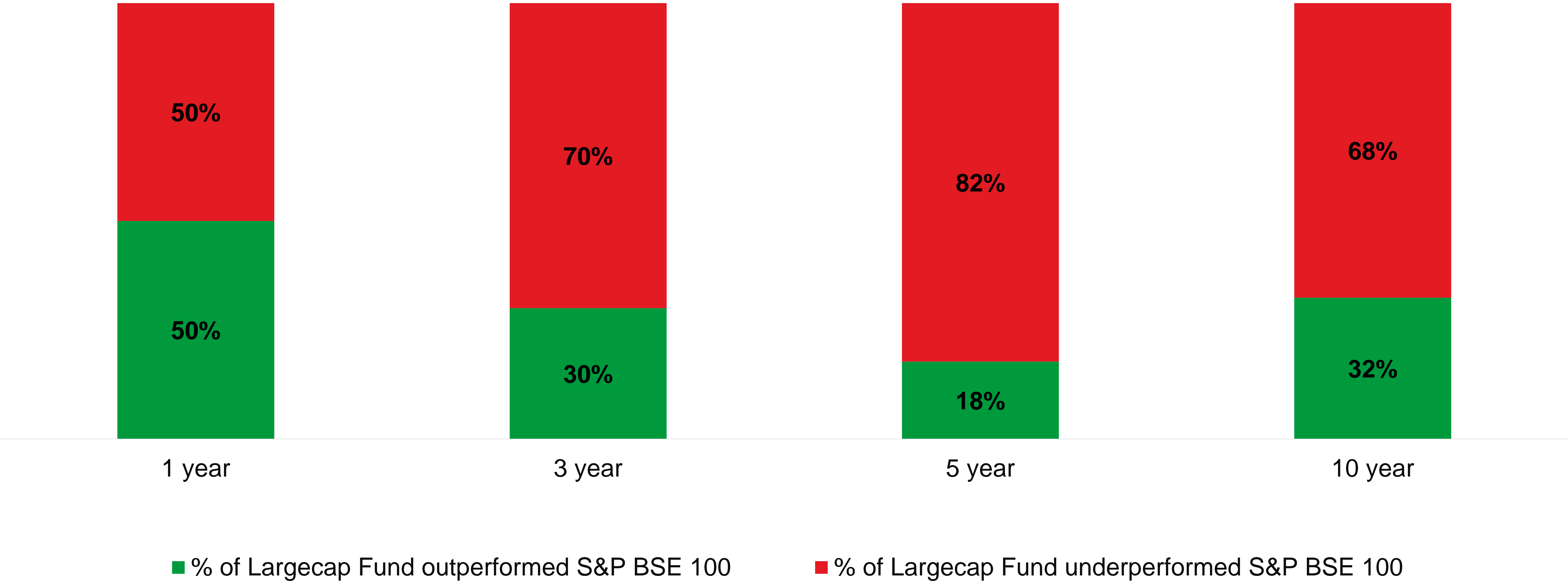
**Smart beta index
(e.g. Nifty 50 Equal
Weight)**



Active large cap funds – Current trends

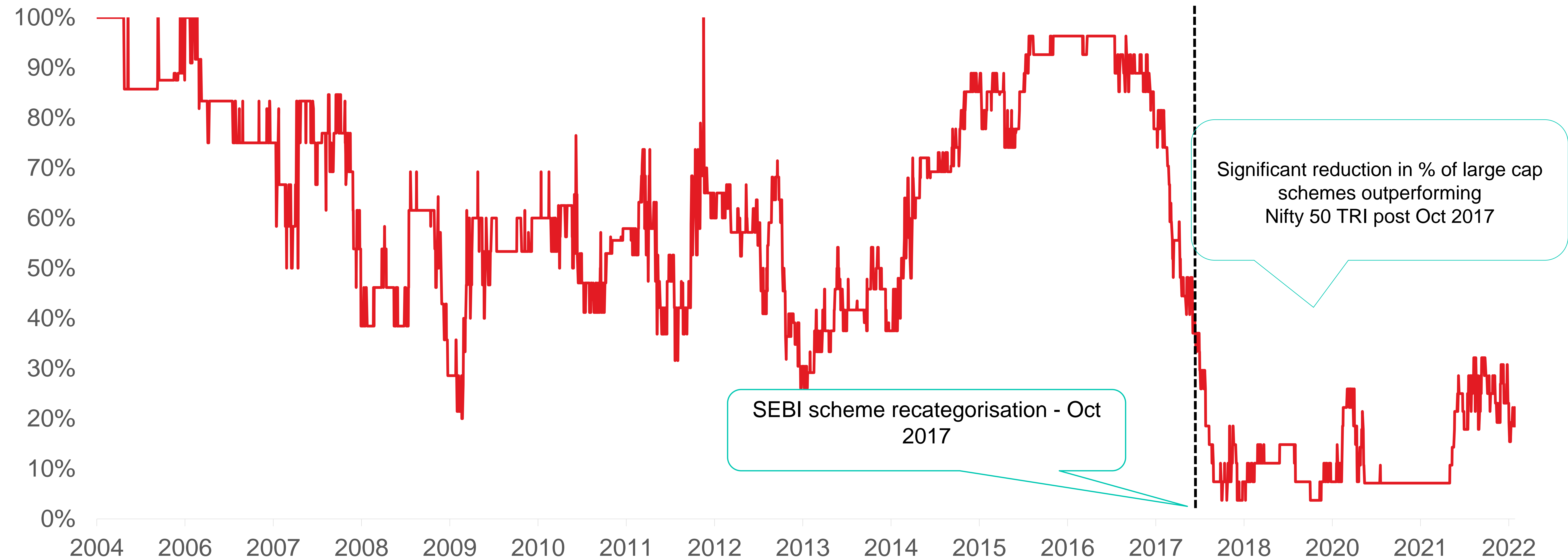
Majority of active large cap funds are underperforming the index

Performance of Largecap Funds - SPIVA Dec 2021



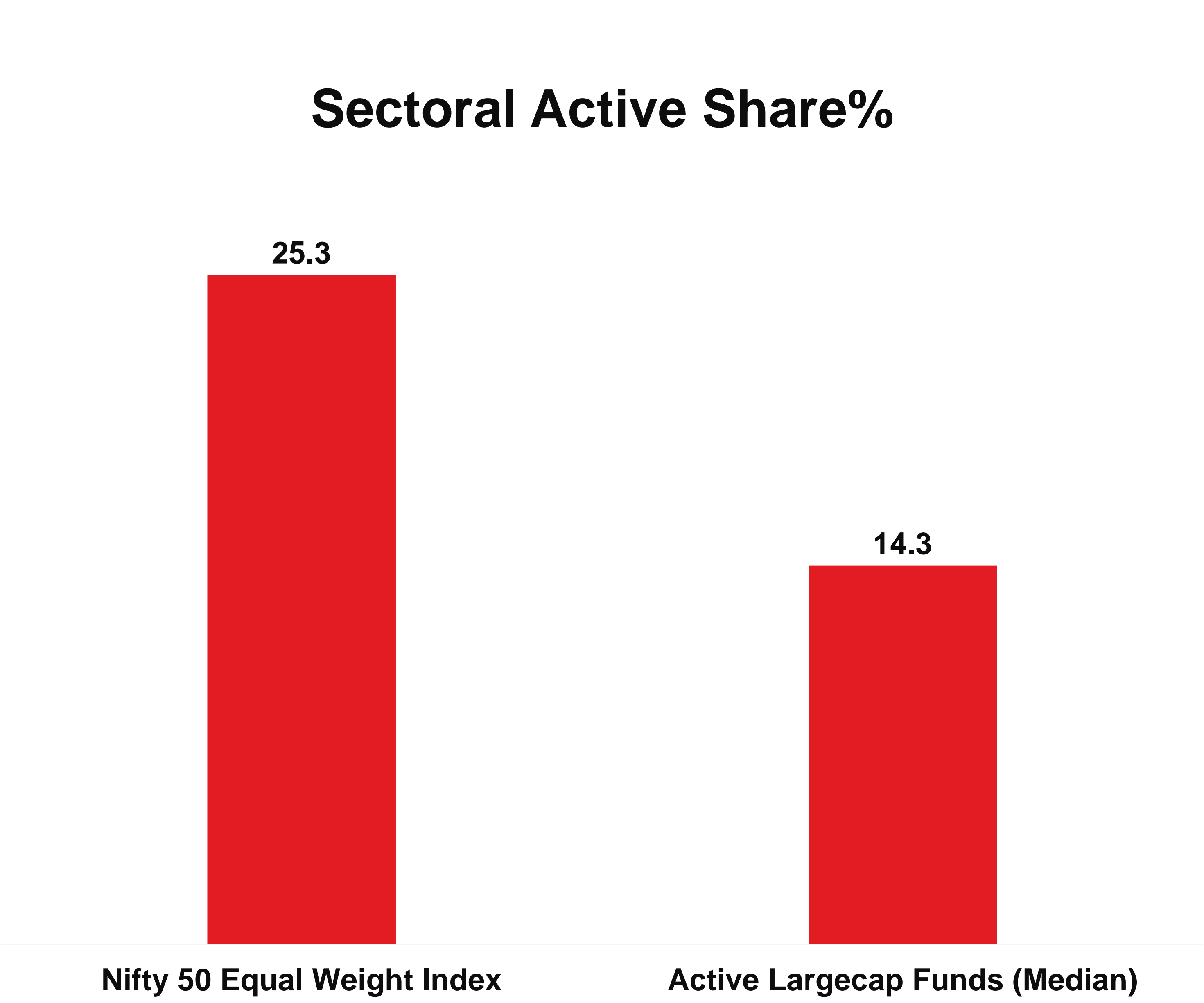
Underperformance has become more evident post SEBI Recategorization circular

% of large cap funds outperforming Nifty 50 TRI on 3 year rolling basis



Source: Internal, MFIE, Data As of 31 Aug 2022

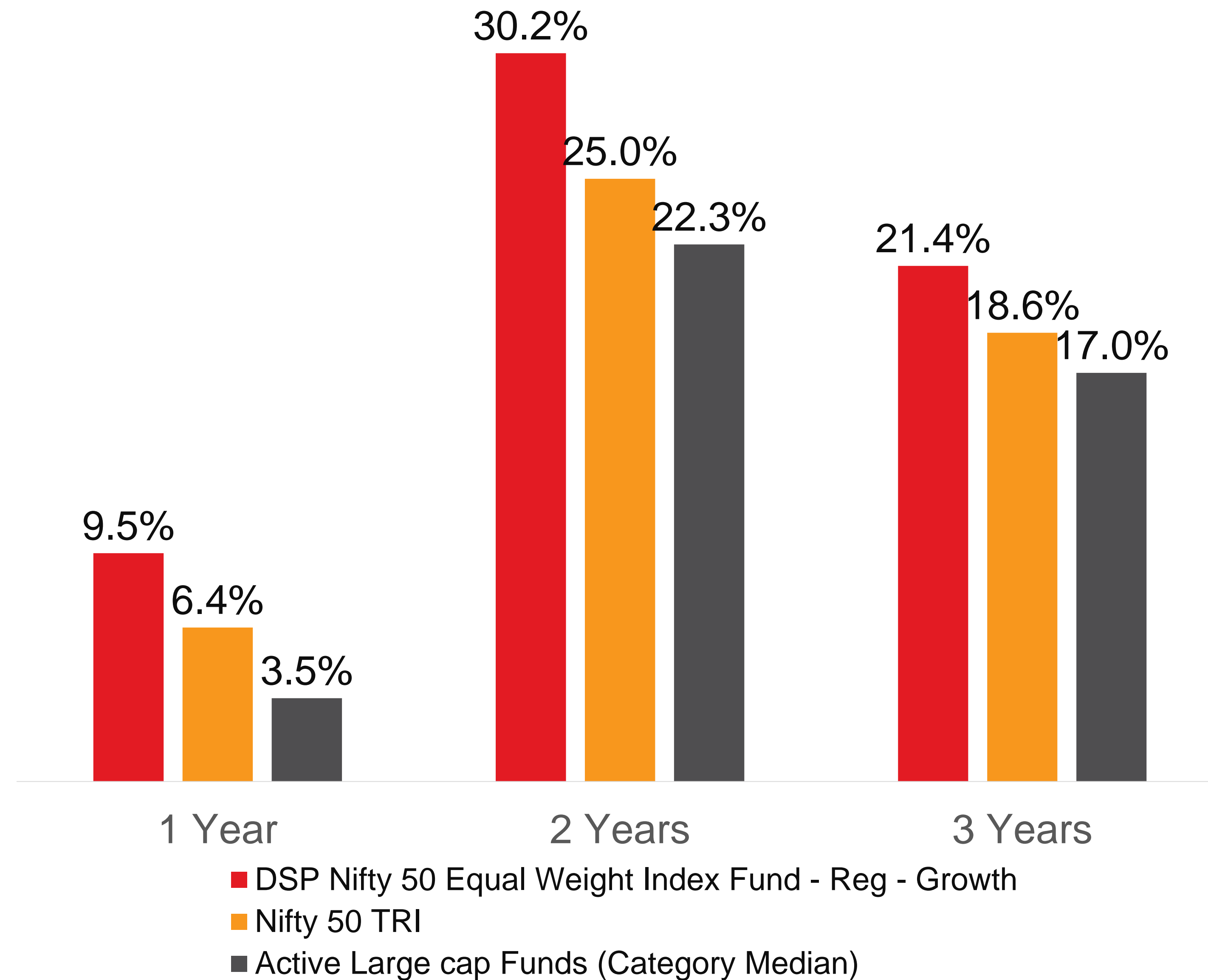
Active large cap funds don't deviate much from Nifty 50 in terms of sectoral allocation



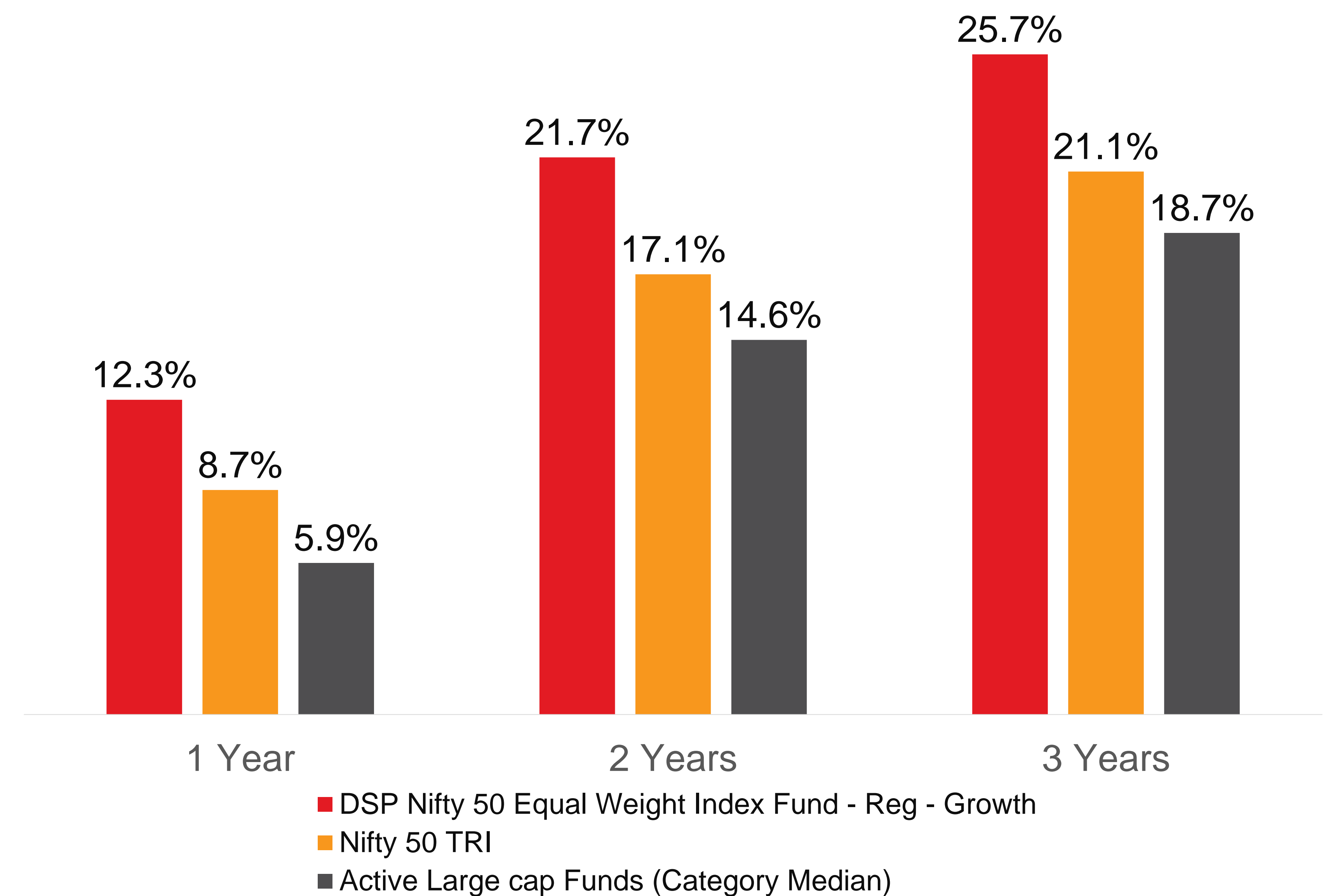
| Group/Investment | Nifty 50 Equal Weight Index | Nifty 50 Index | Largecap Fund median |
|------------------------|-----------------------------|----------------|----------------------|
| Industrials | 4.3 | 3.8 | 7.5 |
| Energy | 7.6 | 13.4 | 7.8 |
| Materials | 17.0 | 7.4 | 6.4 |
| Consumer Discretionary | 13.9 | 7.4 | 9.0 |
| Consumer Staples | 9.9 | 8.7 | 7.5 |
| Healthcare | 9.2 | 3.8 | 5.0 |
| Financials | 23.2 | 36.9 | 34.4 |
| Information Technology | 8.7 | 14.2 | 11.5 |
| Communication Services | 1.9 | 2.3 | 2.6 |
| Utilities | 4.0 | 2.0 | 2.0 |
| Real Estate | 0.0 | 0.0 | 0.0 |

DSP Nifty 50 Equal Weight Index Fund – Best Performing fund in large cap category

Lumpsum Returns as on 31 Aug 2022



SIP Returns as on 31 Aug 2022



Nifty 50 investing vs Nifty 50 Equal Weight investing

Balanced Diversification

Top 10 companies as per Nifty 50 Index

| Company Name | Weight in Nifty 50 Index | Weight in Nifty 50 Equal Weight Index |
|--|--------------------------|---------------------------------------|
| Reliance Industries Ltd. | 11.7% | 1.9% |
| HDFC Bank Ltd. | 8.4% | 1.9% |
| ICICI Bank Ltd. | 7.9% | 2.2% |
| Infosys Ltd. | 7.0% | 1.8% |
| Housing Development Finance Corporation Ltd. | 5.7% | 2.0% |
| Tata Consultancy Services Ltd. | 4.3% | 1.7% |
| Kotak Mahindra Bank Ltd. | 3.6% | 2.0% |
| Itc Ltd. | 3.6% | 2.1% |
| Hindustan Unilever Ltd. | 3.0% | 2.0% |
| Larsen & Toubro Ltd. | 3.0% | 2.2% |
| Total | 58.2% | 19.6% |

Bottom 10 companies as per Nifty 50 Index

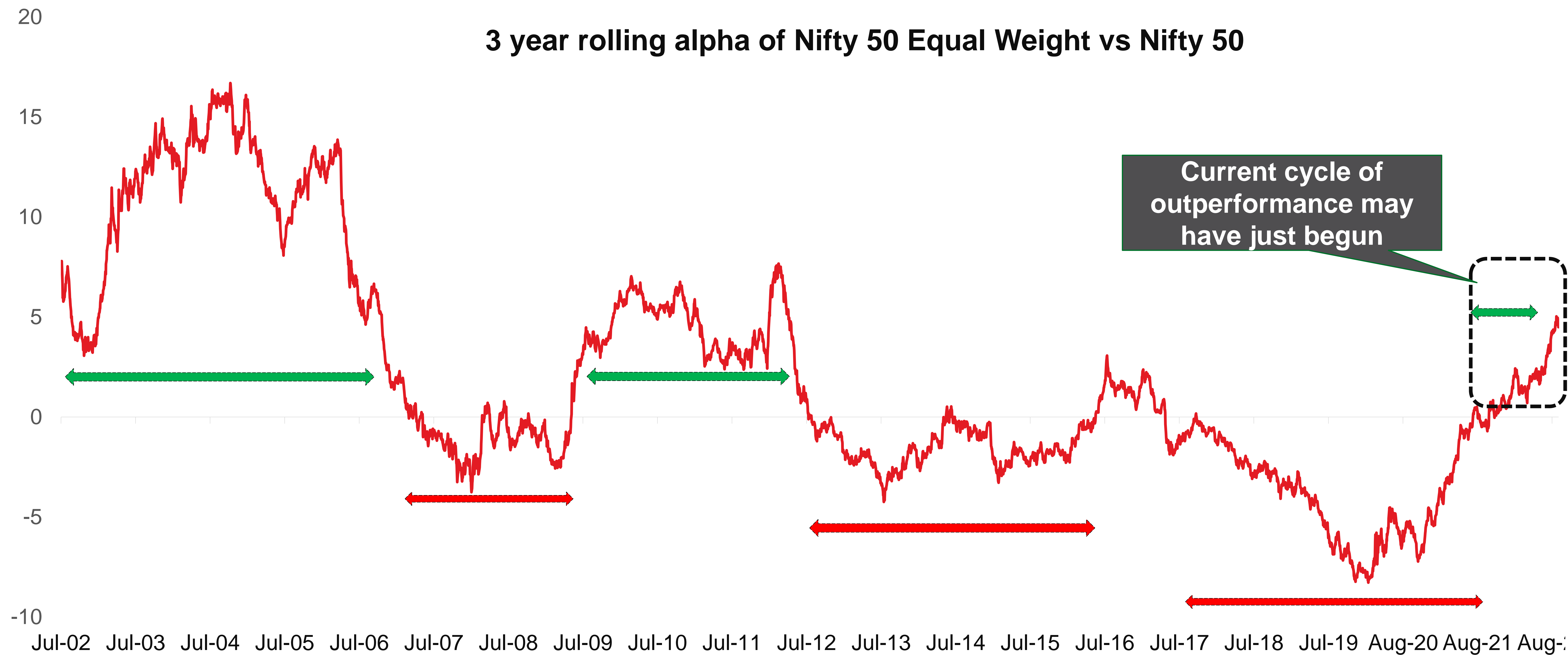
| Company Name | Weight in Nifty 50 Index | Weight in Nifty 50 Equal Weight Index |
|-----------------------------------|--------------------------|---------------------------------------|
| Coal India Ltd. | 0.6% | 2.3% |
| Tata Consumer Products Ltd. | 0.6% | 1.9% |
| Eicher Motors Ltd. | 0.6% | 2.1% |
| Divi'S Laboratories Ltd. | 0.6% | 1.7% |
| Britannia Industries Ltd. | 0.6% | 1.9% |
| Apollo Hospitals Enterprise Ltd. | 0.6% | 2.0% |
| Upl Ltd. | 0.5% | 2.1% |
| Hero Motocorp Ltd. | 0.5% | 1.8% |
| Bharat Petroleum Corporation Ltd. | 0.4% | 1.8% |
| Shree Cement Ltd. | 0.4% | 2.0% |
| Total | 5.4% | 19.6% |

Every player has an equal potential to perform

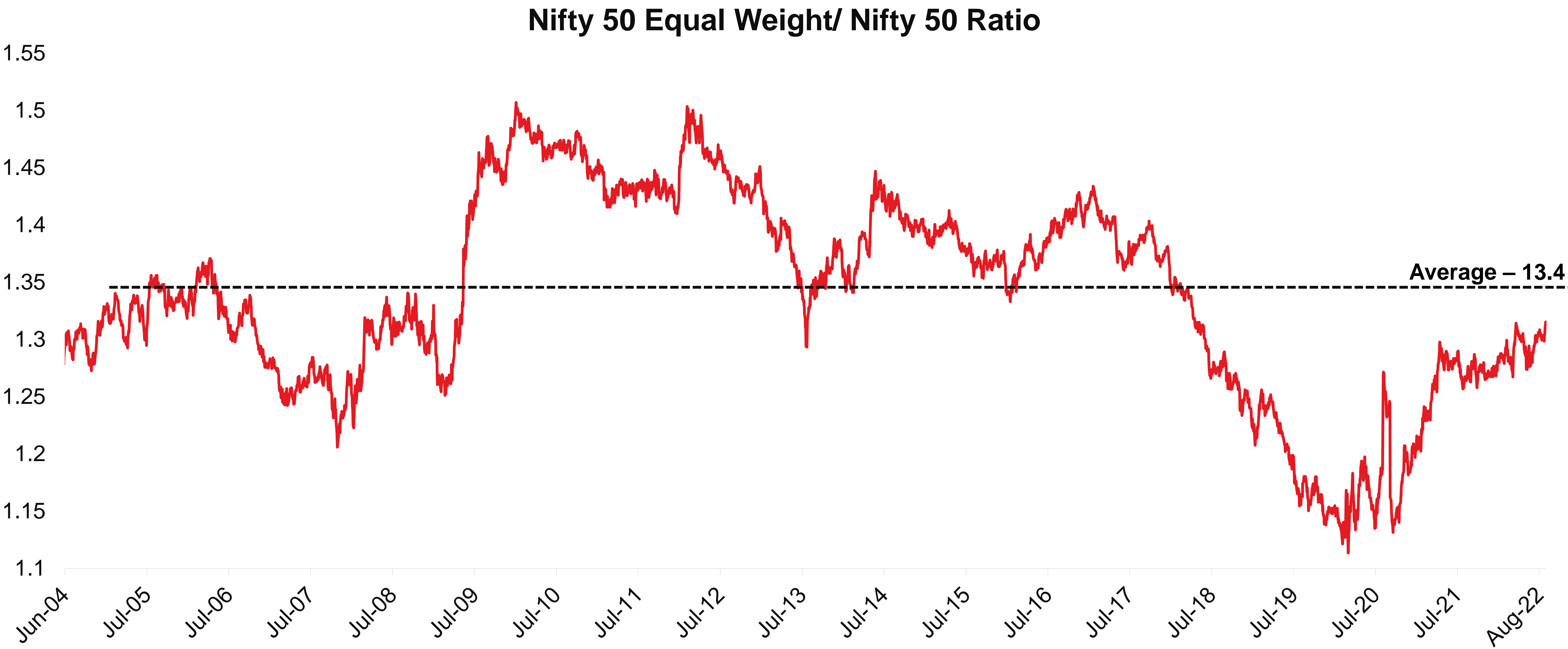
Top 10 companies: Nifty 50 Index= 58.2% weight, Nifty 50 Equal Weight Index= 19.6 % weight

Alpha over Nifty 50 is cyclical and usually last for longer time

3 year rolling alpha of Nifty 50 Equal Weight vs Nifty 50



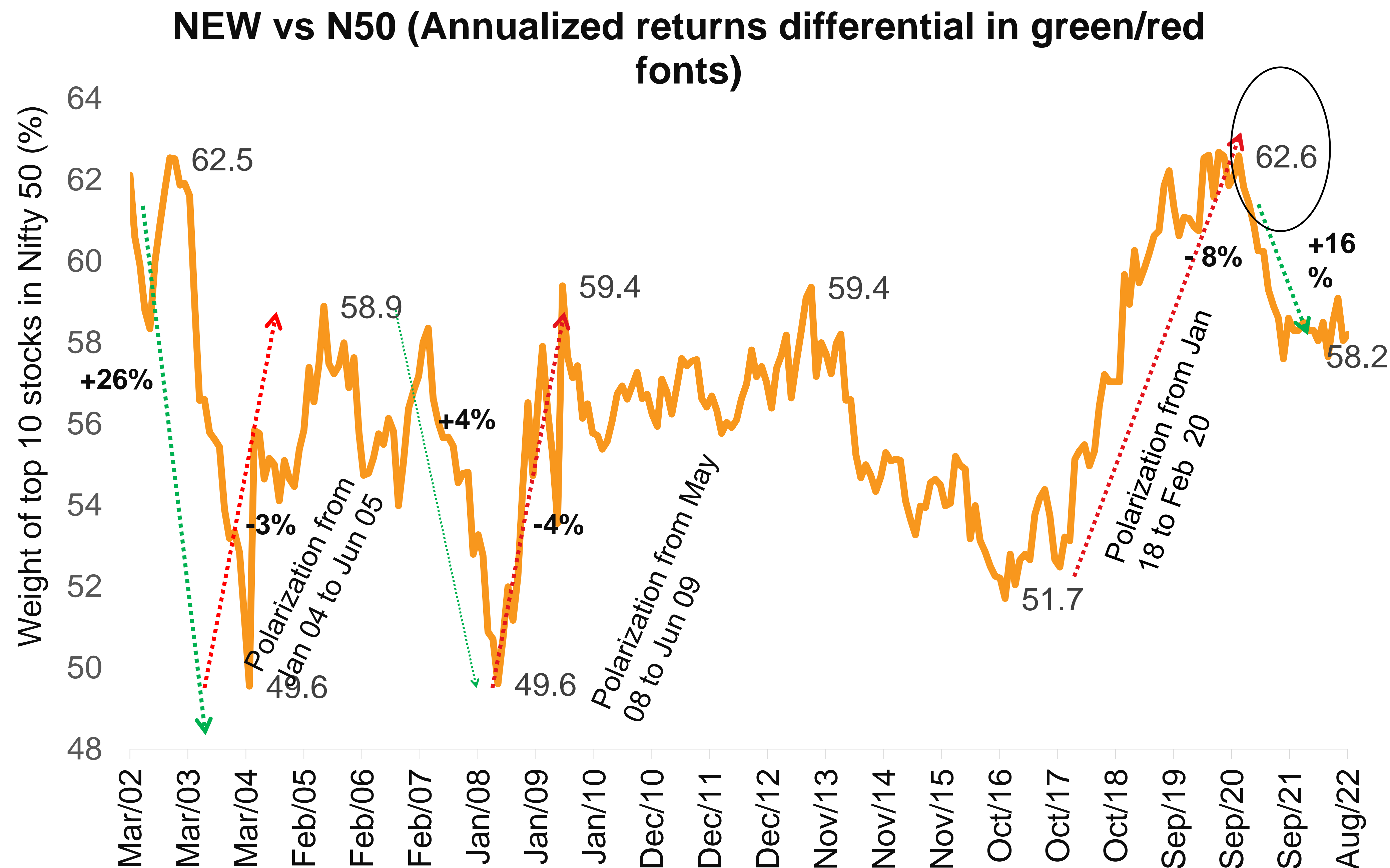
Nifty 50 Equal Weight / Nifty 50 ratio is still below its historical average



Depolarisation has just begun

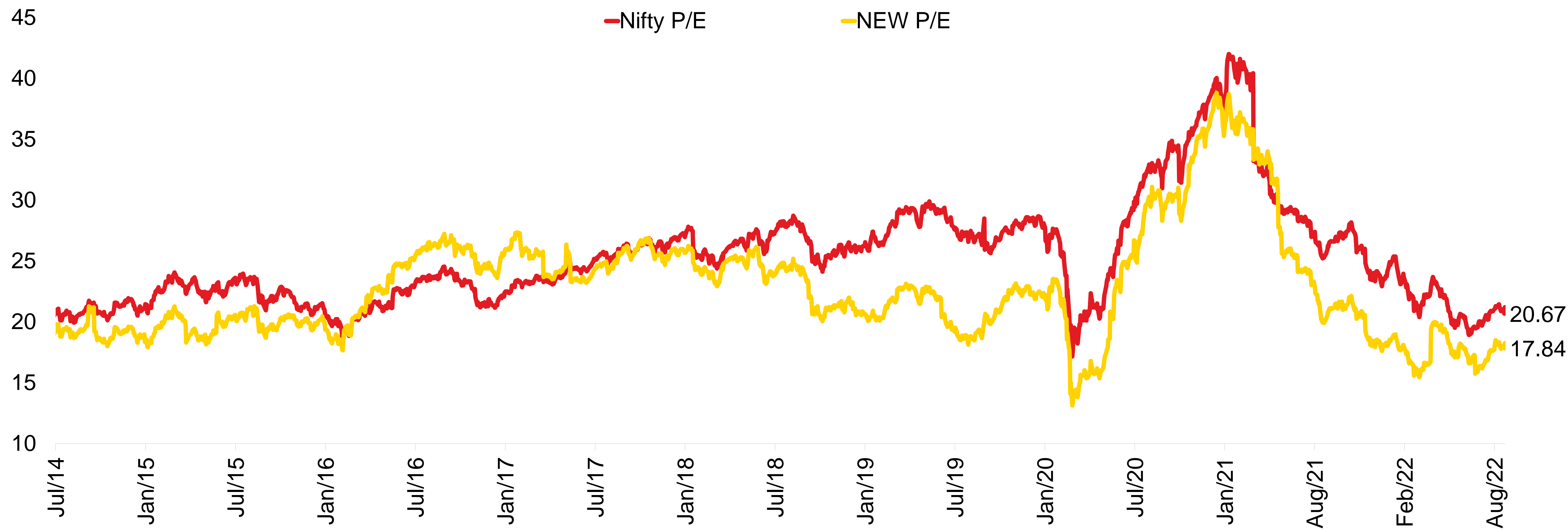
Since Jun 20, depolarization phase has begun with fall in Top 10 stocks weights from 62.6% to 58.2%. This has led to Nifty 50 Equal Weight index (NEW) outperforming Nifty 50 Index (N50)

Current weight of Top 10 stocks @ 58.2% is still at elevated level when compared to its history



Same 50 stocks at lower valuation using Nifty 50 Equal Weight Index (NEW) !

Price to Earning (P/E) Ratio



Nifty 50 Equal Weight strategy – Industry landscape

| Scheme | Tracking Error Regular plan (%) | Tracking Error Direct plan (%) | Tracking Difference Regular plan 1-Year (%) | Tracking Difference Direct Plan 1-Year (%) |
|---|------------------------------------|-----------------------------------|---|--|
| DSP NIFTY 50 Equal Weight ETF * | 0.08 | -- | -- | -- |
| DSP Nifty 50 Equal Weight Index Fund | 0.07 | 0.07 | -1.09 | -0.58 |
| Category average of Index Funds tracking Nifty 50 Equal Weight Index | 0.10 | 0.10 | -1.27 | -0.66 |

Low tracking error & tracking difference

Technical Signals also suggest upward trend

Nifty Equal weight index has broken out descending channel which has been in place since it recorded high index value of 20,920 in Oct-21 indicating a broad based rally.

Also, the index is trading above 50, 100 and 200 day simple moving average further depicting upward trend.



How do we recommend investing in this strategy?

- ❖ **SIP (preferred)**
- ❖ **Lumpsum investment with Long term horizon (At least 5 years)**
- ❖ **Investor can allocate 15-20% of their large cap exposure**

Risk – Significant underweight to Banking/NBFCs

Nifty 50 Equal Weight Index is underweight pure banking/NBFC & overweight Financial Services and Insurance

Good performance by Banking stocks can lead to underperformance of Nifty 50 Equal Weight

| | NIFTY 50 | NIFTY Equal 50 |
|---|--------------|----------------|
| HDFC BANK LTD. | 8.4% | 1.9% |
| ICICI BANK LTD. | 7.9% | 2.2% |
| HDFC | 5.7% | 2.0% |
| KOTAK MAHINDRA BANK LTD. | 3.6% | 2.0% |
| STATE BANK OF INDIA | 2.6% | 2.0% |
| BAJAJ FINANCE LTD. | 2.5% | 2.3% |
| AXIS BANK LTD. | 2.5% | 2.1% |
| INDUSIND BANK LTD. | 0.9% | 2.4% |
| TOTAL BANKING/NBFC EXPOSURE | 34.1% | 16.9% |
| BAJAJ FINSERV LTD. | 1.3% | 2.6% |
| SBI LIFE INSURANCE COMPANY LTD. | 0.8% | 2.1% |
| HDFC LIFE INSURANCE COMPANY LTD. | 0.7% | 1.8% |
| TOTAL FINANCIAL SERVICE EXPOSURE | 2.8% | 6.5% |

Investment team & Process

Portfolio Management / Dealing / Analysis



Anil Ghelani, CFA
(20)
Head of Passive
Investments &
Products



Diipesh Shah
(19)
Vice President



Aanchal Almal, CFA
(8)
Manager



Ravi Gehani
(7)
Manager

Passive Investments Process

Pre - Trade Evaluation

Review Opening Portfolios and
forecast Cash Flows

Track mandatory and elective
Corporate Actions

Track Scheduled and Adhoc
rebalances

Investment Decision

Review market liquidity to
manage impact costs

Strategy for stock level timing
and pace of execution

Monitor
real time market movement

Identify price movements and
evaluate stock lending
opportunities

Post - Trade Analysis

Evaluate trade execution

Analyse Tracking Error

Ensure real time portfolio
weights align with underlying
index

In line with global best
practices - dedicated
passive investment desk to
increase focus

Annexure – Performance in SEBI prescribed format

Historical Returns (As per SEBI format) with investment of ₹ 10,000

| | This fund | | NIFTY 50 Equal Weight TRI ^ | | NIFTY 50 TRI # | | Tracking difference |
|-------------------|-----------|---------------|-----------------------------|---------------|----------------|---------------|---------------------|
| | CAGR | Current Value | CAGR | Current Value | CAGR | Current Value | |
| 1 Year | 8.47% | ₹ 10,847 | 9.01% | ₹ 10,901 | 5.16% | ₹ 10,514 | -0.54% |
| 3 years | 21.94% | ₹ 18,140 | 23.44% | ₹ 18,818 | 18.63% | ₹ 16,701 | -1.50% |
| since Inception | 11.09% | ₹ 16,663 | 12.14% | ₹ 17,442 | 13.59% | ₹ 18,562 | -1.05% |
| NAV / Index Value | ₹ 16.66 | | ₹ 33,830 | | ₹ 25,787 | | |

Date of allotment: **Oct 23, 2017.**

Period for which fund's performance has been provided is computed based on last day of the month-end preceding the date of advertisement

Different plans shall have a different expense structure. The performance details provided herein are of **Direct Plan.**

Since inception returns have been calculated from the date of allotment till **August 30, 2022**

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments

Rolling returns have been calculated based on returns from regular plan growth option.

^ **Fund Benchmark** # **Standard Benchmark**

Annexure – Performance of schemes managed by Anil Ghelani & Diipesh Shah

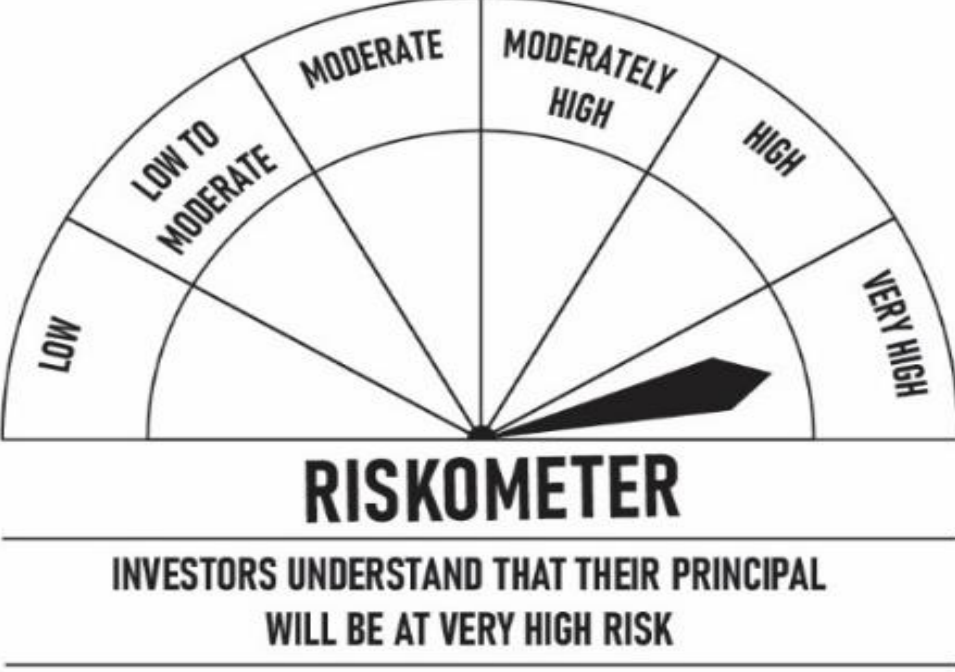
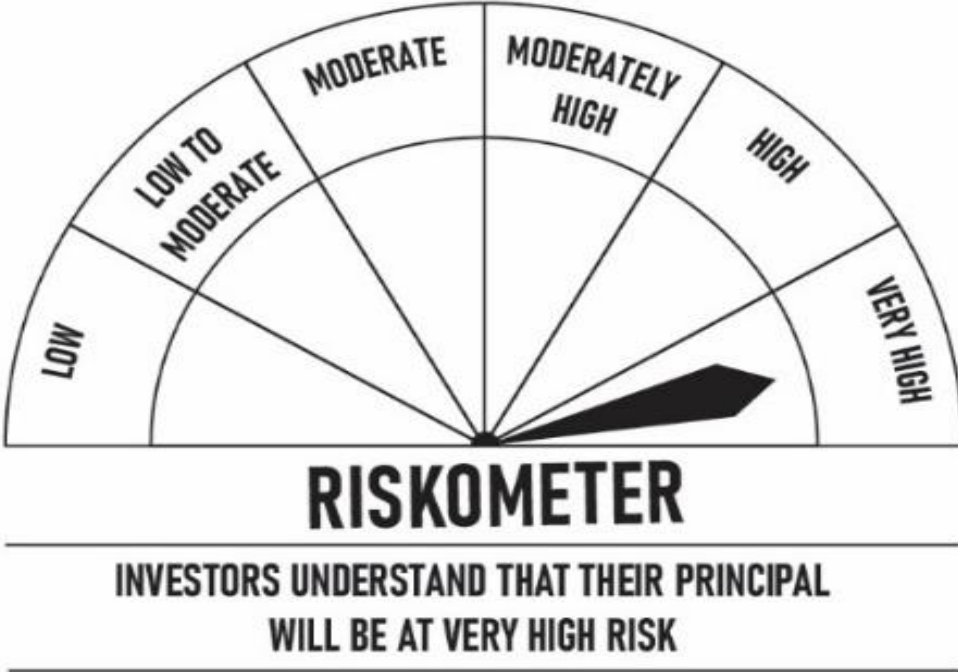
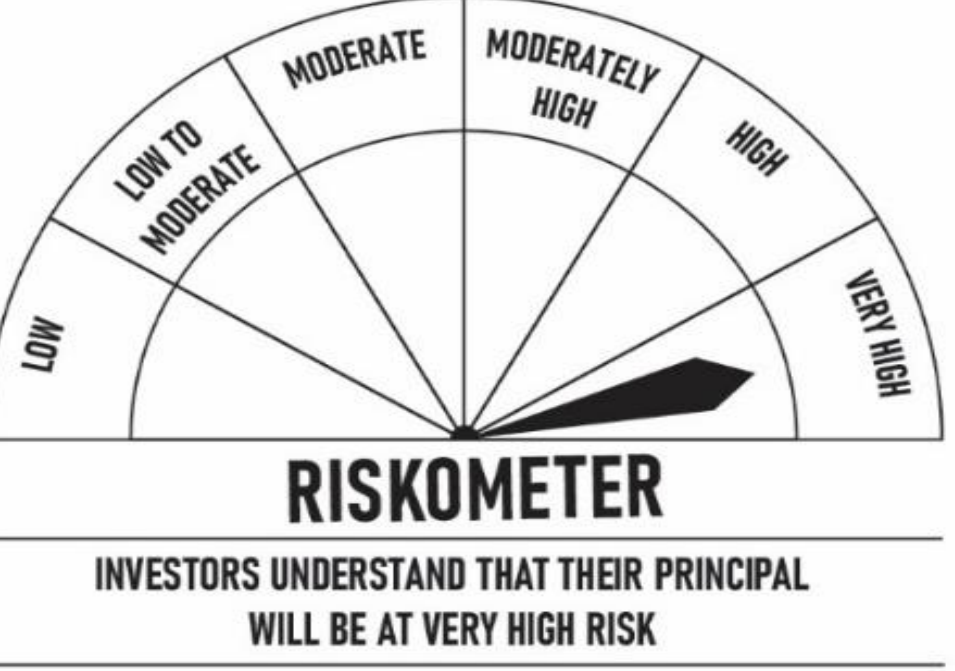
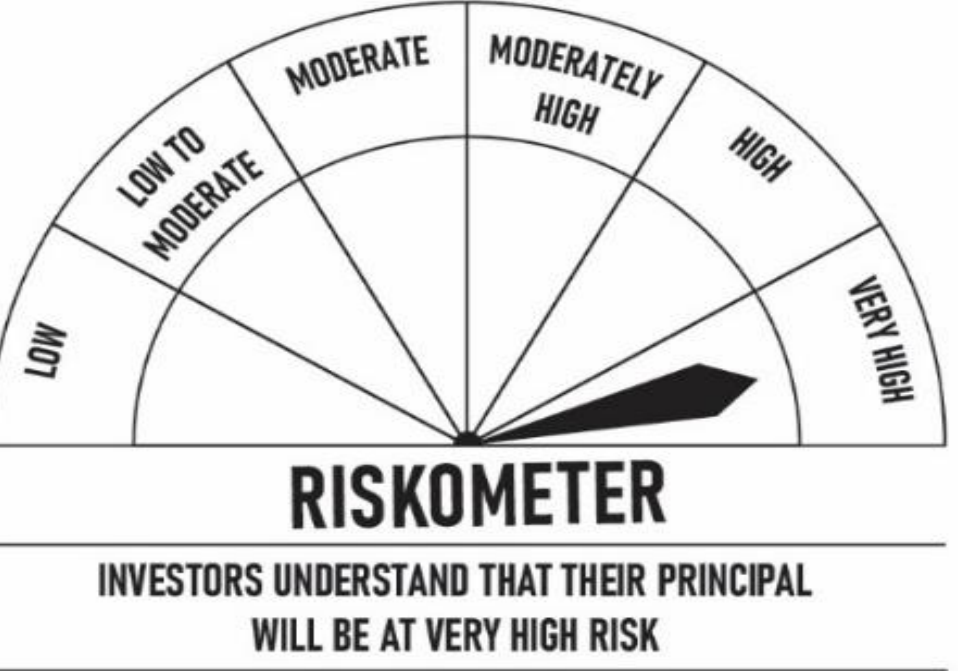
| Sr. No. | Period | 1 Year | | 3 Years | | 5 Years | |
|--|--|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | | Scheme return (%) | Benchmark return (%) | Scheme return (%) | Benchmark return (%) | Scheme return (%) | Benchmark return (%) |
| 1 | DSP Quant Fund | (3.6) | 7.21 | 18.97 | 20.69 | NA | 13.92 |
| 2 | DSP Nifty 50 Index Fund | 4.64 | 5.14 | 17.79 | 18.63 | NA | 13.78 |
| 3 | DSP Nifty 50 Equal Weight Index Fund | 7.97 | 9.01 | 21.4 | 23.44 | NA | 12.61 |
| 4 | DSP Nifty Next 50 Index Fund | 5.86 | 6.48 | 18.31 | 19.41 | NA | 10.44 |
| 5 | DSP Nifty Midcap 150 Quality 50 Index Fund | NA | 0.95 | NA | 23.97 | NA | 14.85 |
| 6 | DSP Nifty Midcap 150 Quality 50 ETF | NA | 0.95 | NA | 23.97 | NA | 14.85 |
| 7 | DSP Nifty 50 Equal Weight ETF | NA | 9.01 | NA | 23.44 | NA | 12.61 |
| 8 | DSP Nifty 50 ETF | NA | 5.14 | NA | 18.63 | NA | 13.78 |
| 9 | DSP NIFTY 1D Rate Liquid ETF | 3.31 | 3.88 | 3.24 | 3.71 | NA | 4.66 |
| Period for which fund's performance has been provided is computed based on last day of the month-end preceding the date of advertisement | | | | | | | |
| Different plans shall have a different expense structure. The performance details provided herein are of regular plan. | | | | | | | |
| Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments | | | | | | | |

Disclaimer & Product Labelling

Disclaimers: This presentation / note is for information purposes only. It should not be construed as investment advice to any party. In this material DSP Investment Managers Pvt. Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Information gathered and used in this material is believed to be from reliable sources. While utmost care has been exercised while preparing this document, the AMC nor any person connected does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The recipient(s) before acting on any information herein should make his/their own investigation and seek appropriate professional advice. The statements contained herein may include statements of future expectations and other forward looking statements that are based on prevailing market conditions / various other factors and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. **Past performance may or may not be sustained in the future and should not be used as a basis for comparison with other investments.** The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the schemes of DSP mutual fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). Large-caps are defined as top 100 stocks on market capitalization, mid-caps as 101-250 , small-caps as 251 and above. Data provided is as on Aug 31. 2022(unless otherwise specified)

The 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. All opinions, figures, charts/graphs and data included in this presentation are as on date and are subject to change without notice. For complete details on investment objective, investment strategy, asset allocation, scheme specific risk factors and more details, please read the Scheme Information Document, Statement of Additional Information and Key Information Memorandum of respective scheme available on ISC of AMC and also available on www.dspim.com. **There is no assurance of any returns/capital protection/capital guarantee to the investors in above mentioned Schemes. The presentation indicates the strategy/investment approach currently followed by the above mentioned Schemes and the same may change in future depending on market conditions and other factors. The portfolio of the above schemes is subject to changes within the provisions of the Scheme Information document of the scheme.** For index disclaimer click [here](#). An investor, by subscribing or purchasing an interest in the Product(s), will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.

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

| | | | |
|---|--|---|--|
| DSP Nifty 50 Equal Weight Index Fund (An open ended scheme replicating NIFTY 50 Equal Weight Index) | This open-ended index linked equity scheme is suitable for investors who are seeking* <ul style="list-style-type: none">•Long term capital growth•Returns that are commensurate with the performance of Nifty 50 Equal Weight Index TRI, subject to tracking error. | <div>SCHEME RISKOMETER</div> <div></div> | <div>BENCHMARK RISKOMETER - Nifty 50 Equal Weight TRI</div> <div></div> |
| DSP Nifty 50 Equal Weight ETF (An open ended scheme replicating NIFTY 50 Equal Weight Index) | This product is suitable for investors who are seeking* <ul style="list-style-type: none">•Long-term capital growth•Investment in equity and equity related securities covered by NIFTY50 Equal Weight Index, subject to tracking error. | <div>SCHEME RISKOMETER</div> <div></div> | <div>BENCHMARK RISKOMETER - Nifty 50 Equal Weight TRI</div> <div></div> |

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

DSP
 INVESTMENT MANAGERS

#INVESTFORGOOD