

# Mirae Asset Nifty Financial Services ETF

as on 30 September 2023

(NSE: BFSI BSE:543323)

(An open-ended scheme replicating/tracking Nifty Financial Services Total Return Index)

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Financial Services sector: Close to our life and economy

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# Financial Services sector – It's not just Banks

## Bank



Public  
Sector  
Banks

Private  
Banks

Small  
Finance  
Banks

Foreign  
Banks

Regional  
rural  
banks

## Financial Services



**Capital Markets:** Asset Management, Broking, Exchanges, Rating agencies, Wealth Management

**Insurance:** Life / Non life Insurance

**NBFCs:** Housing, Vehicle, Gold, Consumer, Microfinance, Fintech

# How Financial Services sector relates to life and economy



When economy grows



Your financial income may rise  
(Bonuses, salary increase, business income growth)



You will plan to use money wisely,  
It can be in the form of...

Industry  
Growth

Bank /NBFC

Plan for  
Big Spending



Insurance  
Company

Plan for  
Stable Future



Asset Management  
Company /  
Stock Broking

Plan for new Investments

# How Financial Services sector is related to your life



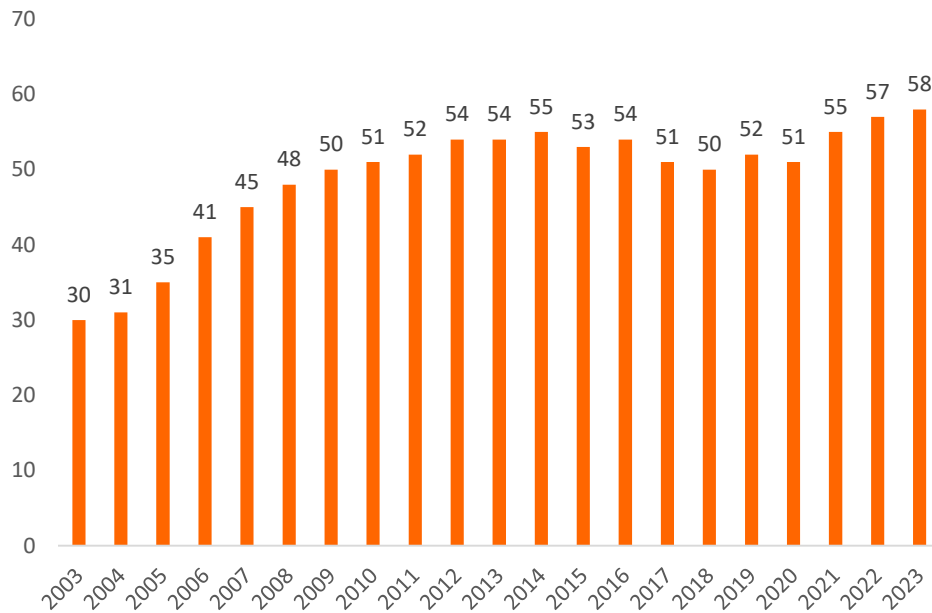
Why participate in the sector ?

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# Credit in India – Growing fast as penetration improves

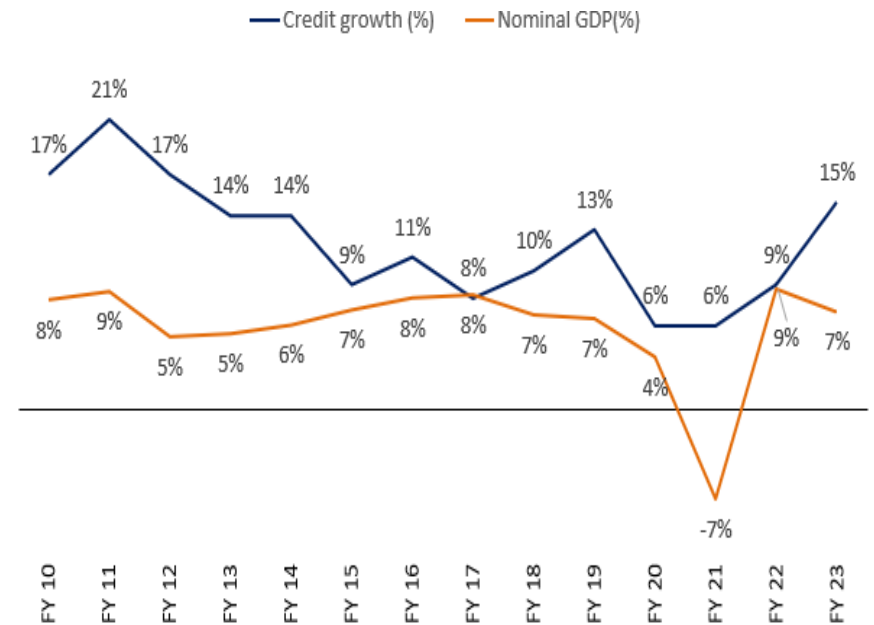
- ▶ Credit to GDP ratio has almost doubled in the last 2 decades
- ▶ Credit growth is a multiplier of Nominal GDP growth
- ▶ Private consumption has increased steadily in line with the retail credit growth
- ▶ Growth in household income and consumption promotes overall demand for credit

## Credit to GDP Ratio in India (%)



Source: BIS, SCO, RBI. Data as on FY 2023

## Credit growth & Nominal GDP growth Trends

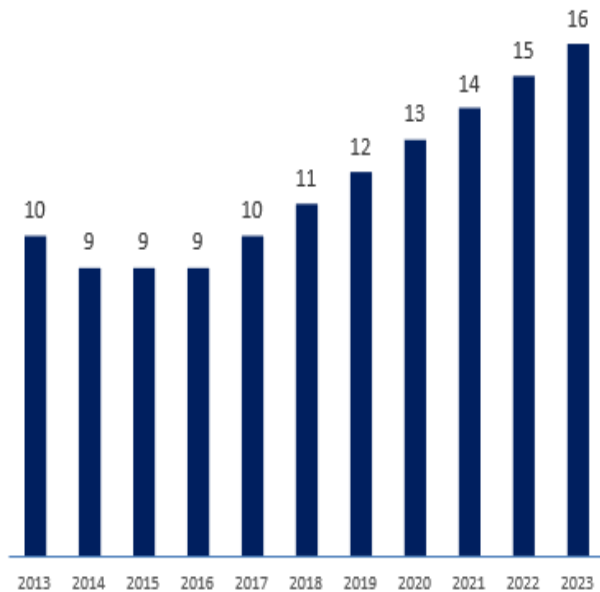


Source: RBI. Latest data available in April 2023 as on FY23 , FY23 from 01 April 2022 to 31 March 2023

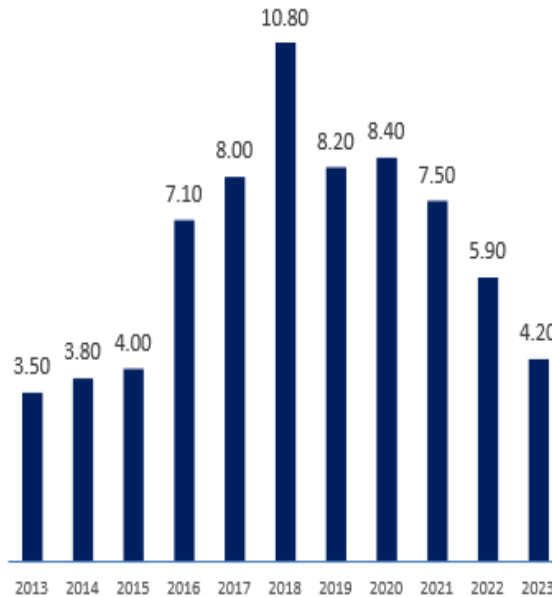
# Banks – Well capitalised, Improving asset quality

- Capital position of Indian banks have strengthened in the last few years with Tier 1 capital at 15% in FY22 Asset quality held up despite 2 shock waves of COVID-19 pandemic, credit cost should normalize for the sector from 2HFY22E/FY23E
- Significant reduction seen in the Non-Performing Assets levels from the peak of 2018 and along with higher provisioning coverage of >65%. Asset quality held up despite 2 shock waves of COVID-19 pandemic, slippages & credit cost normalization underway

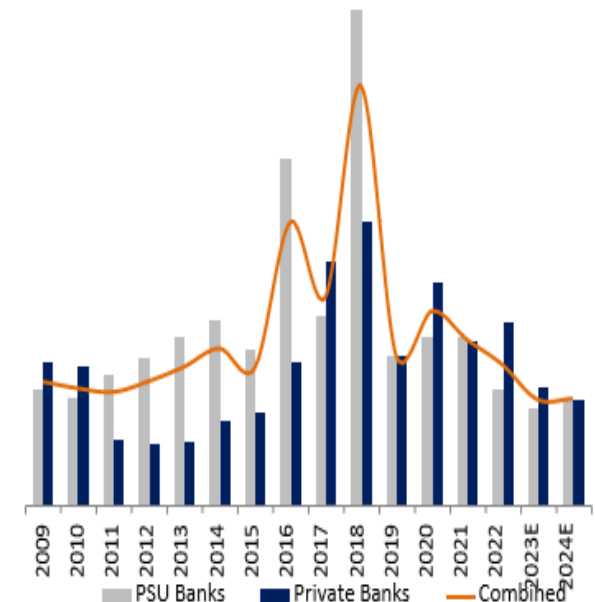
Tier-1 capital positioning of Banks (%)



Gross NPA trend of Banks (%)



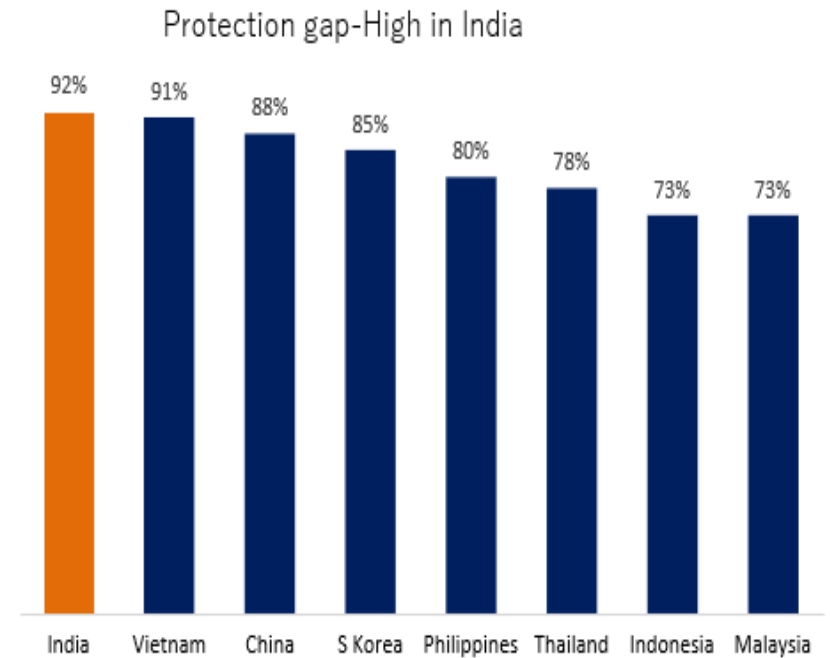
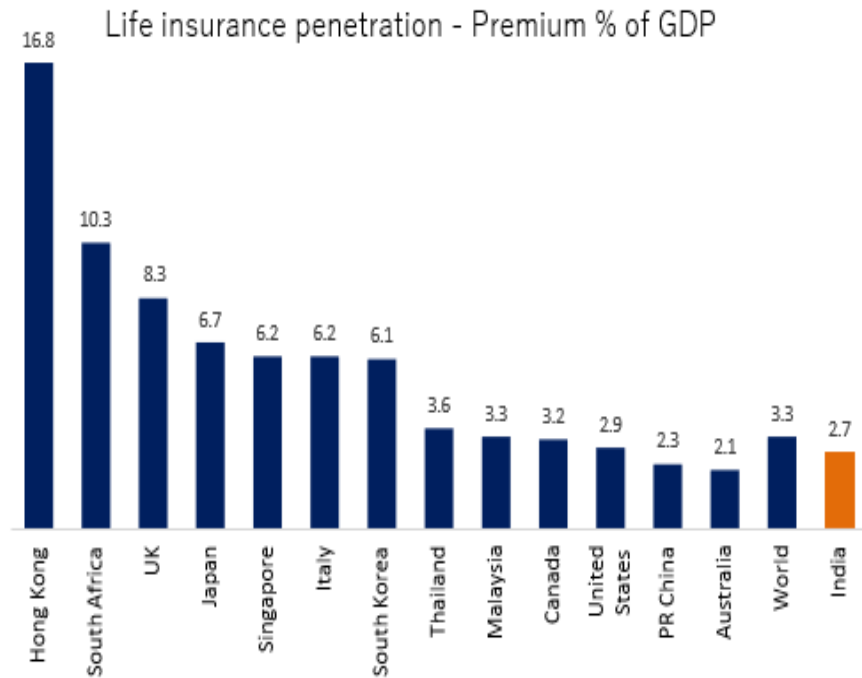
Gross slippages trend of banks (%)





# Life Insurance - Growing market demand, protection penetration low

- ▶ Development of various distribution channels including bancassurance tie-ups, online platforms and corporate partnerships has boosted current market growth in 5 years.
- ▶ Only 8% penetration in the protection product versus Asian peers
- ▶ However, low market penetration in India provides large room to grow



# Mutual Fund – Growing rapidly, but hugely underpenetrated

- Mutual fund industry have been growing rapidly in last 10 years
- AUM to GDP ratio in India is ~15%, still below many other comparable peers

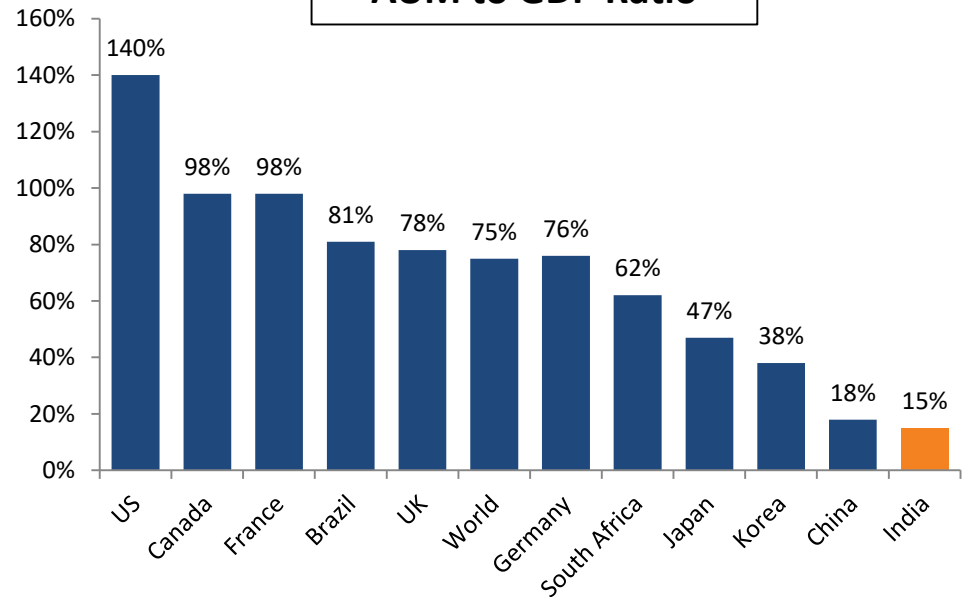
## Mutual fund Industry - AUM Growth

7.1 Lakh  
Crores in  
2010



Over 41  
Lakh  
Crores in  
September  
2023

## AUM to GDP Ratio



# Mirae Asset Nifty Financial Services ETF offering

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# About Nifty Financial Services Index

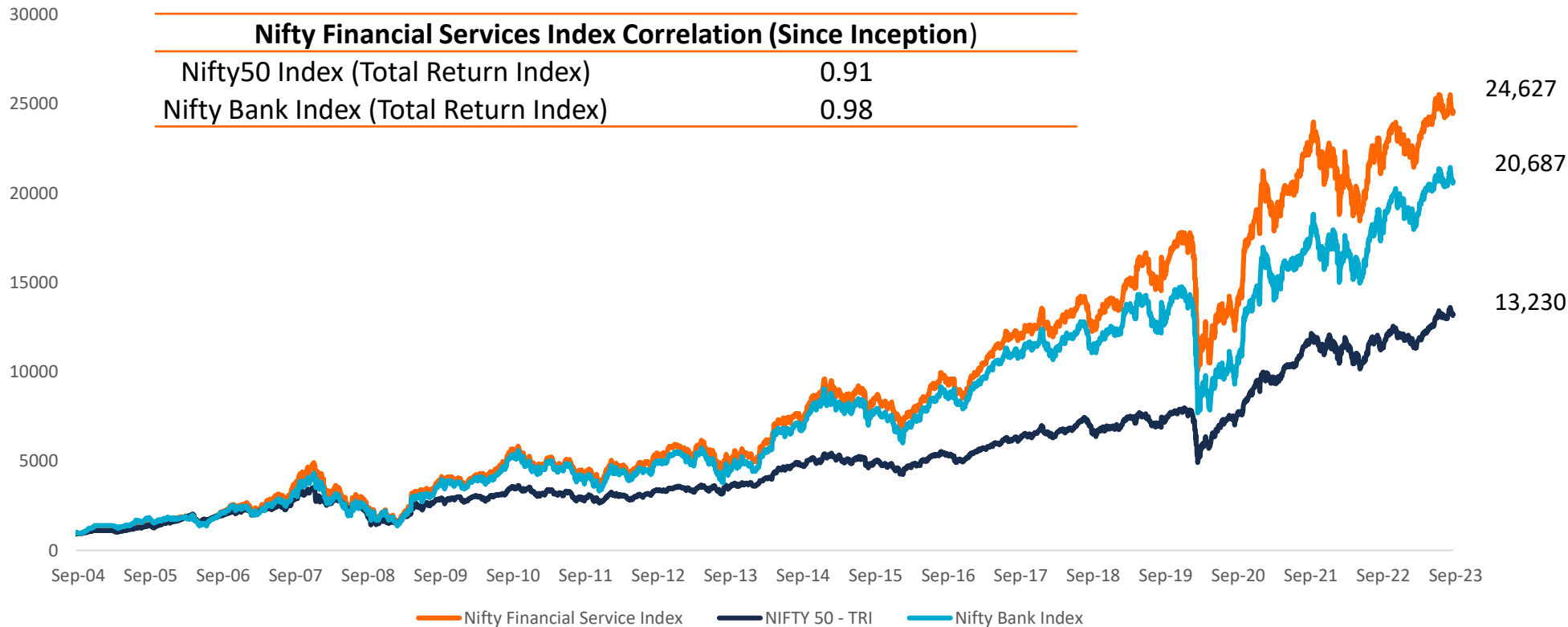
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The Nifty Financial Services Index is designed to reflect the behavior and performance of large companies in financial services sector. The Nifty Financial Services Index comprises of 20 stocks that are listed on the National Stock Exchange (NSE)

## Eligibility Criteria for Selection of Constituent Stocks:

- i. Nifty 500 constituents representing Financial Services such as banks, financial institutions, housing finance and other financial services etc. are considered eligible.
- ii. Within eligible universe, weights of each subsector based on average free float market capitalization is calculated.
- iii. Selection of 20 companies from each sub-sector is made in such a manner that weightage of selected constituents closely matches with the weightage of the sub-sector as explained earlier.
- iv. A preference within each sub-sector is given to companies that are available for trading in NSE's Futures & Options segment.
- v. Companies will be included if average free-float market capitalization is 1.5 times the average free-float market capitalization of the smallest index constituent.
- vi. Weightage of each stock in the index is calculated based on its free-float market capitalization such that no single stock shall be more than 33% and weightage of top 3 stocks cumulatively shall not be more than 62% at the time of rebalancing

# Nifty Financial Services Index has outperformed with strong correlation



**Nifty Financial Services Index has historically outperformed Nifty 50 Index and Nifty Bank Index. Also, it has exhibited a very strong correlation with both the indices.**

Source NSE; Data as on September 30, 2023. Past performance may or may not sustain in future. The index return are in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund. The Index values have been rebased to 1,000.

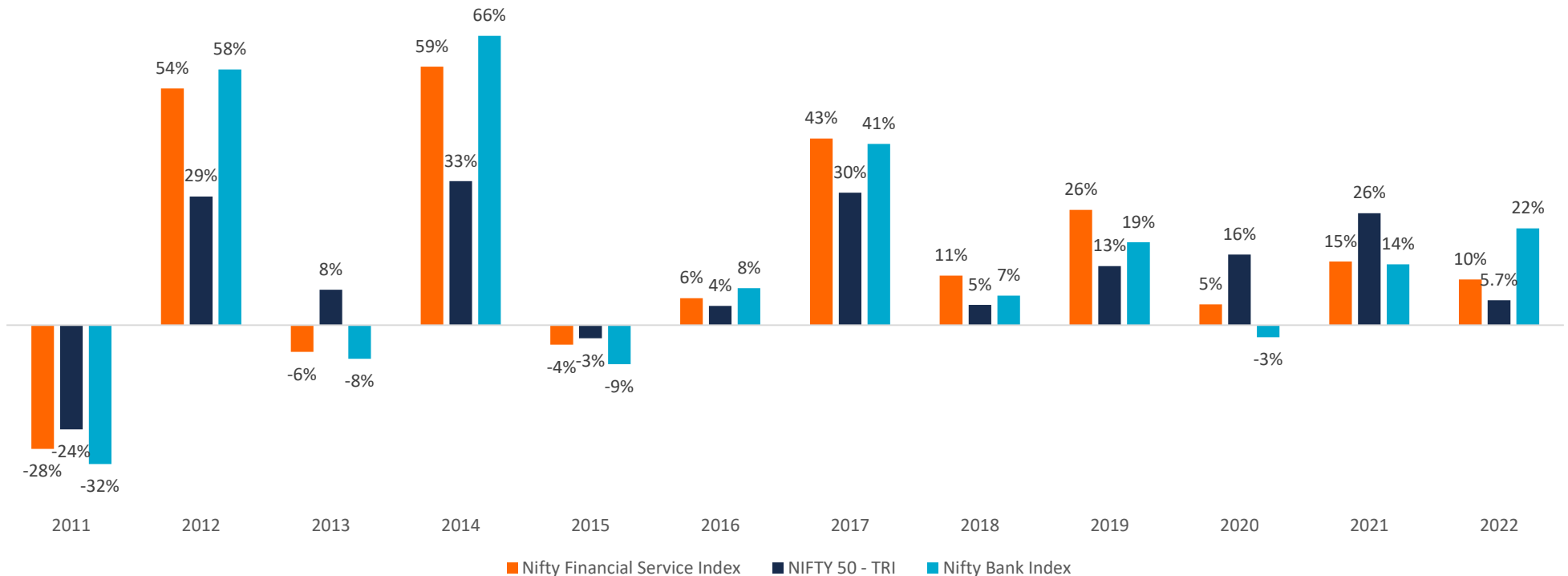
## Nifty Financial Services Index : Return and risk profile

Period	Returns (in %)			Risk (Annualized standard deviation) (in%)		
	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index
14 Years	14.0	11.5	13.1	22.6	17.0	23.8
10 Year	17.6	14.4	17.0	21.9	16.6	23.1
7 Year	14.7	13.9	13.3	22.4	17.2	23.4
5 Year	14.1	13.8	12.7	25.1	19.3	26.2
3 Year	24.3	22.0	28.6	19.6	14.9	20.7
1 Year	14.2	16.1	16.4	12.5	10.3	13.2
6 Months	10.7	14.0	10.7	10.3	8.0	10.2
3 Months	-1.0	2.7	-0.1	9.9	8.2	10.1

**Nifty Financial Services Index has generated historically higher return for periods of five year and higher along with lower volatility than Nifty Bank Index.**

Source: NSE, as on September 30, 2023 Returns of period more than 1 year are CAGR returns. Past performance may or may not sustain in future. The above is performance of the Index and does not in any manner indicate the performance of any individual scheme of Mutual Fund.

# Nifty Financial Services Index: Calendar year performance



**Nifty Financial Services Index has outperformed Nifty 50 Index and Nifty Bank Index in 7 out of 11 and 8 out of 11 calendar years respectively.**

Source: NSE Data as on Dec 30, 2022. Past performance may or may not sustain in future. The index return are in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund. Risk is nothing but computed as annualized standard deviation of daily return observation for specific investment horizon for all the indices using their INR total return variant.;

## Nifty Financial Services Index : Rolling returns

Period	1 Year Investment Horizon			3 Year Investment Horizon		
	Nifty Financial Services Index (%)	NIFTY 50 Index (%)	Nifty Bank Index (%)	Nifty Financial Services Index (%)	NIFTY 50 Index (%)	Nifty Bank Index (%)
14 years	20.7	15.6	20.3	15.9	12.0	14.9
10 years	17.9	14.8	17.5	15.9	13.2	14.3
7 years	17.9	15.3	17.0	16.0	13.2	13.9
5 years	15.0	14.5	13.9	15.6	14.2	12.8
3 years	20.3	22.2	22.9	15.2	16.7	13.0
1 year	11.0	8.6	16.9	18.2	20.6	20.7

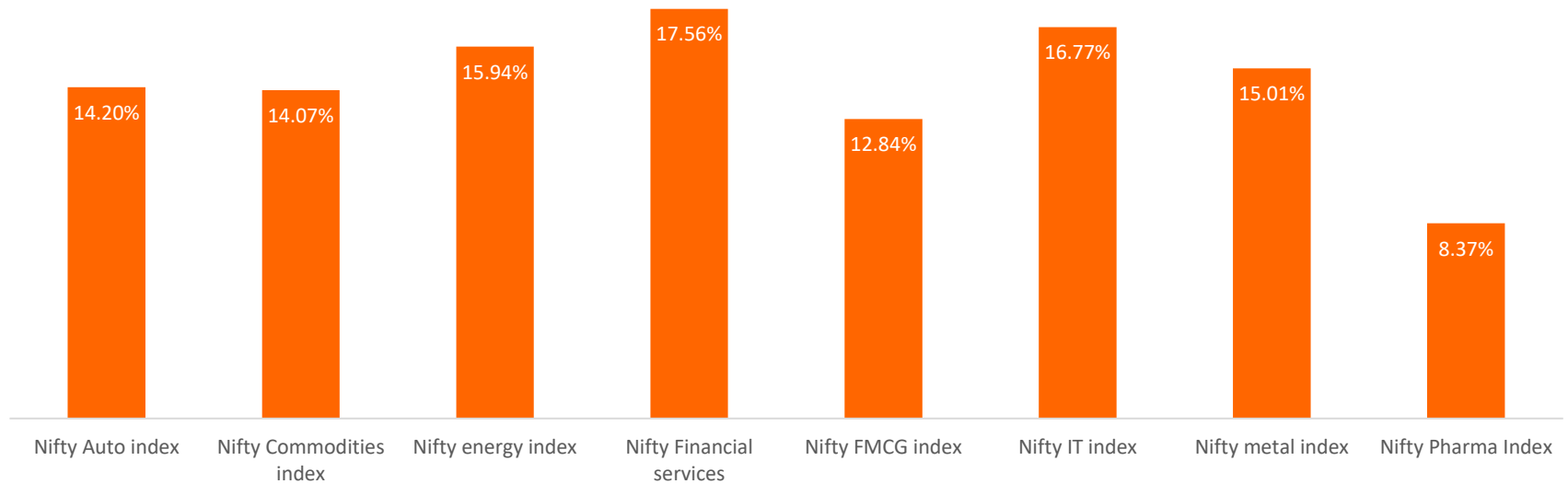
**1 year & 3 year average rolling returns of Nifty Financial Service Index is consistently better than Nifty Bank Index and Nifty 50 Index over investment horizon of more than three years**

Source: NSE, as on September 30, 2023. Past performance may or may not sustain in future. 3 year rolling return in five year period provides the return which investor has realized in last 5 years (daily average), with investment horizon/period of 3 years. The above is performance of the Index and does not in any manner indicate the performance of any individual scheme of Mutual Fund



# Financial Services Sector has been one of the best performing sectors

## 10 Year Return of Nifty Sectoral Indices



**In the last 10 years, Nifty Financial Services Index has generated a CAGR return of 15.28%**

# Nifty Financial Services Index Portfolio

Industry	% Weightage
Private Sector Bank	69.94
Non Banking Financial Company (NBFC)	10.78
Public Sector Bank	7.15
Life Insurance	4.65
Holding Company	2.6
Financial Institution	2.25
General Insurance	1.04
Asset Management Company	0.83
Housing Finance Company	0.44
Exchange and Data Platform	0.31

- Fairly diversified portfolio vis-à-vis Nifty Bank Index.
- Adequate representation of various sub-industries forming part of Financial Service Sector.
- Existing constituents represents large & midcap stocks forming part of Nifty200 Index.

Company Name	% Weight
HDFC BANK LTD.	32.60
ICICI BANK LTD.	20.53
AXIS BANK LTD.	8.86
KOTAK MAHINDRA BANK LTD.	7.95
STATE BANK OF INDIA	7.15
BAJAJ FINANCE LTD.	6.49
BAJAJ FINSERV LTD.	2.60
HDFC LIFE INSURANCE COMPANY LTD.	2.13
SBI LIFE INSURANCE COMPANY LTD.	1.83
SHRIRAM FINANCE LTD.	1.66
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LTD.	1.50
POWER FINANCE CORPORATION LTD.	1.14
REC LTD.	1.11
ICICI LOMBARD GENERAL INSURANCE COMPANY LTD.	1.04
HDFC ASSET MANAGEMENT COMPANY LTD.	0.83
SBI CARDS AND PAYMENT SERVICES LTD.	0.72
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD.	0.69
LIC HOUSING FINANCE LTD.	0.44
MUTHOOT FINANCE LTD.	0.42
INDIAN ENERGY EXCHANGE LTD.	0.31

Disclaimer: Large cap (1-100th company in terms of full market capitalization), mid cap companies (101st -250th company in terms of full market capitalization) and small cap (251st company onwards in terms of full market capitalization)

Source: NSE, Portfolio as on September 30, 2023 Add: The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

# Why invest in Mirae Asset Nifty Financial Services ETF ?

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- ✓ Opportunity to participate in the sector which is essential for the overall growth of the economy
- ✓ Financial Services encompasses not only banks but also other segments such as NBFC, Insurance, Capital Market etc. which are currently under penetrated among masses.
- ✓ Nifty Financial Services Index continues to provide a significant exposure to Banks (above 65%) (Slide 18)
- ✓ Nifty Financial Services Index has exhibited better return to risk profile along with lower drawdown vis-à-vis Nifty Bank Index
- ✓ Overall actively managed funds are finding difficulty in outperforming the Nifty Financial Services Index across longer investment horizon
- ✓ Relatively low cost option to participate in Financial Services Sector

# Mirae Asset Nifty Financial Services ETF

- Invest in the sector which is one of the essential factor for overall growth of the economy.
- Financial Services encompasses not only banks but also other segments such as NBFC, Insurance, Capital Markets etc. which are currently under penetrated among masses



**Benchmark:**  
Nifty Financial Services TRI



**Expense Ratio:**  
12 bps



**Authorized Participants:**  
Mirae Asset Capital Markets (India)  
Private Limited  
Kanjalochna Finserve Private Limited  
East India Securities Limited  
Parwati Capital Market Private Limited



**ETF Units:**  
Creation Unit Size = 3,00,000 units  
NAV: Rs. 20.1268 (As on Sept 30, 2023)



**Allotment Date:**  
30<sup>th</sup> July 2021



**Listing:**  
NSE: BFSI  
BSE: 543323

**THANK YOU**

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# Disclaimers

**NSE Indices Ltd Disclaimer:** Every person who desires to apply for or otherwise acquire any Units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever..

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**Statutory Details:** Trustee: Mirae Asset Trustee Company Private Limited; Investment Manager: Mirae Asset Investment Managers (India) Private Limited (AMC); Sponsor: Mirae Asset Global Investments Company Limited.

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

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: [www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

**Please consult your financial advisor or mutual fund distributor before investing**

## Product Labelling

Mirae Asset Nifty Financial Services ETF is suitable for investors who are seeking\*

- Returns that are commensurate with the performance of Nifty Financial Services Total Return Index, subject to tracking error over long term.
- Investments in equity securities covered by Nifty Financial Services Total Return Index.

\*Investors should consult their financial advisers if they are not clear about the suitability of the product



Investors understand that their principal will be at Very High Risk

Scheme Benchmark: Nifty Financial Services Index (TRI)



The Benchmark is at Very High Risk