

# Mirae Asset Nifty Financial Services ETF

(NSE: MAFSETF BSE:543323)

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

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

NBFCs : Non-Banking Financial Company

# 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

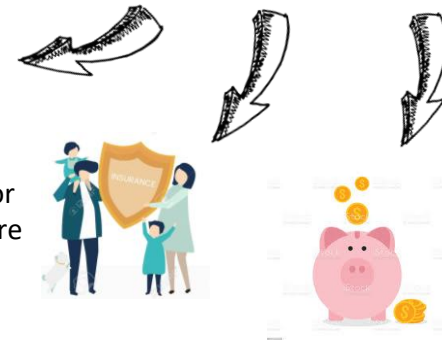
Bank /NBFC

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

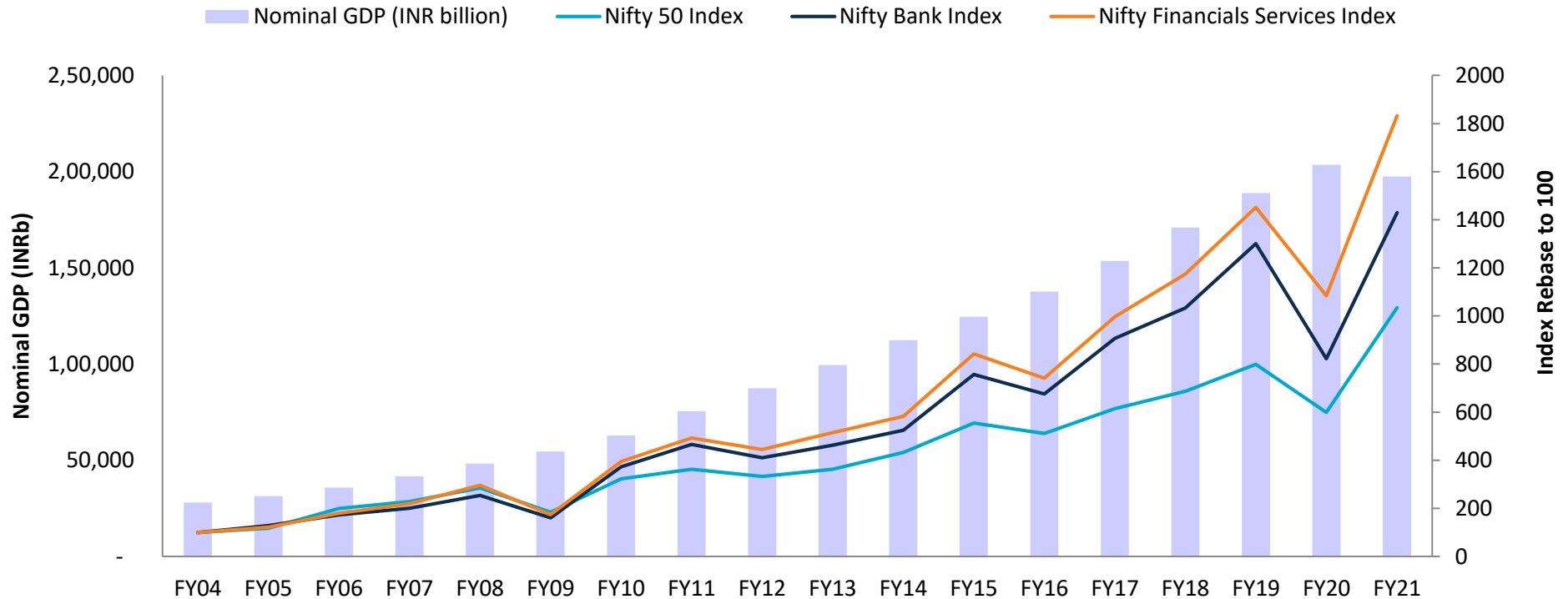


Why participate in the sector ?

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# Correlation between Banking & Financial Services Sector and GDP

- The Financial Services sector has been one of the major driver of economic growth
- Historically, money invested in the financial services sector has grown more than the broad market benchmarks
- As India progresses from being a developing economy to a developed economy, the Financial Services Sector will progress too.

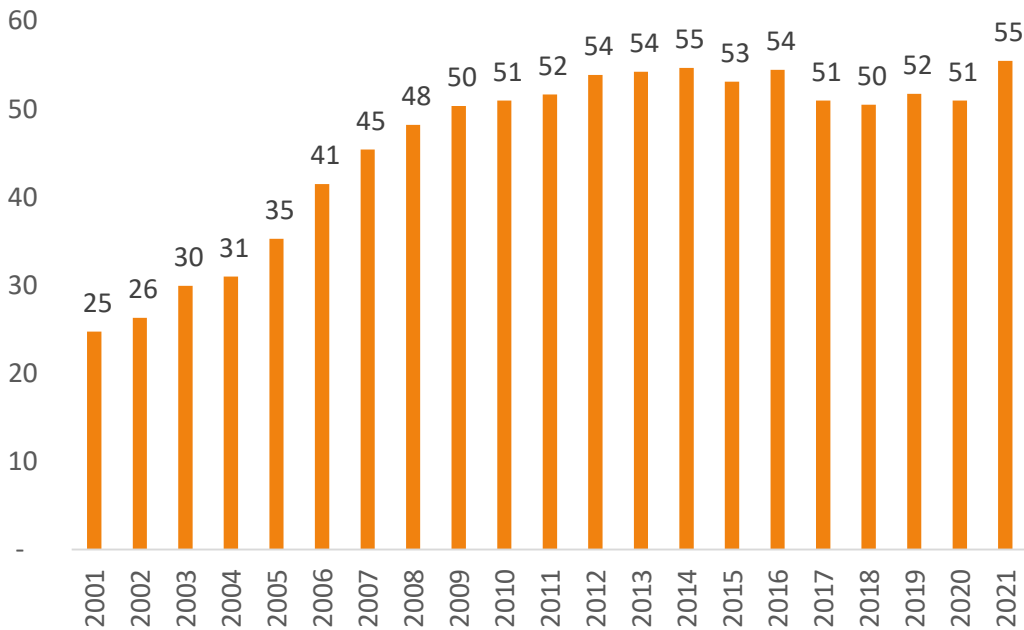


Source : Bloomberg Data as of Sept 30, 2022. Past performance may or may not sustain in future. The index return are in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund. GDP stands for Gross Domestic Product.

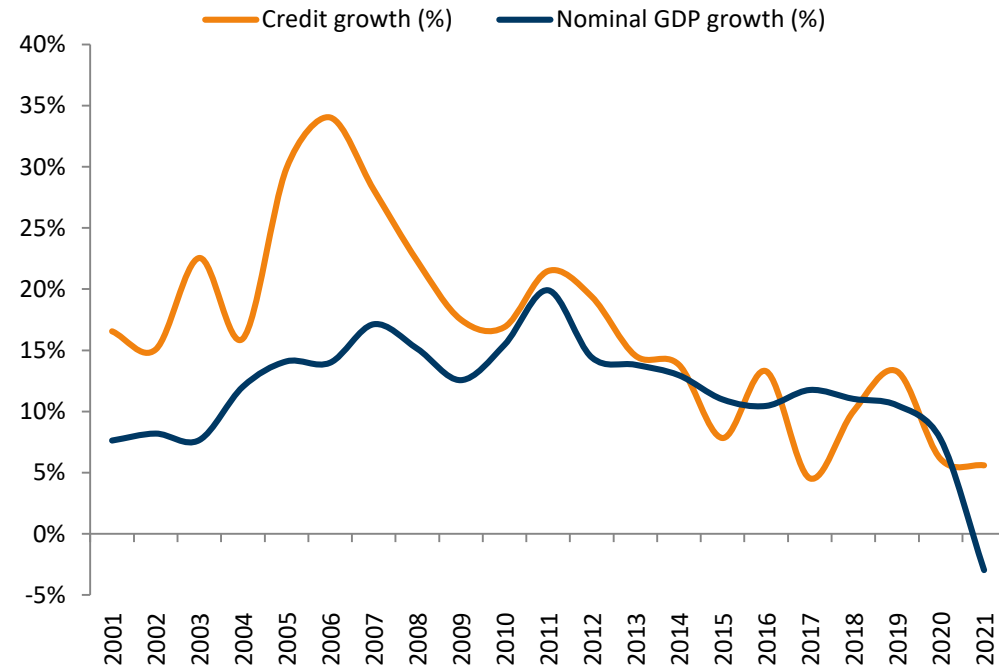
# Credit in India – Growing fast as penetration improves

- Credit to GDP up ~2x 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

## Credit to GDP Ratio in India (%)



## Credit growth & Nominal GDP growth Trends

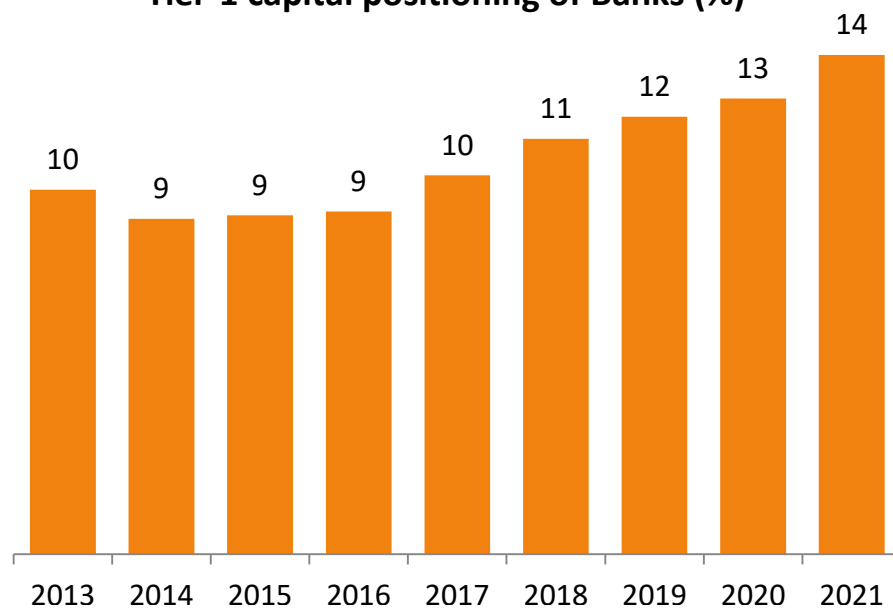




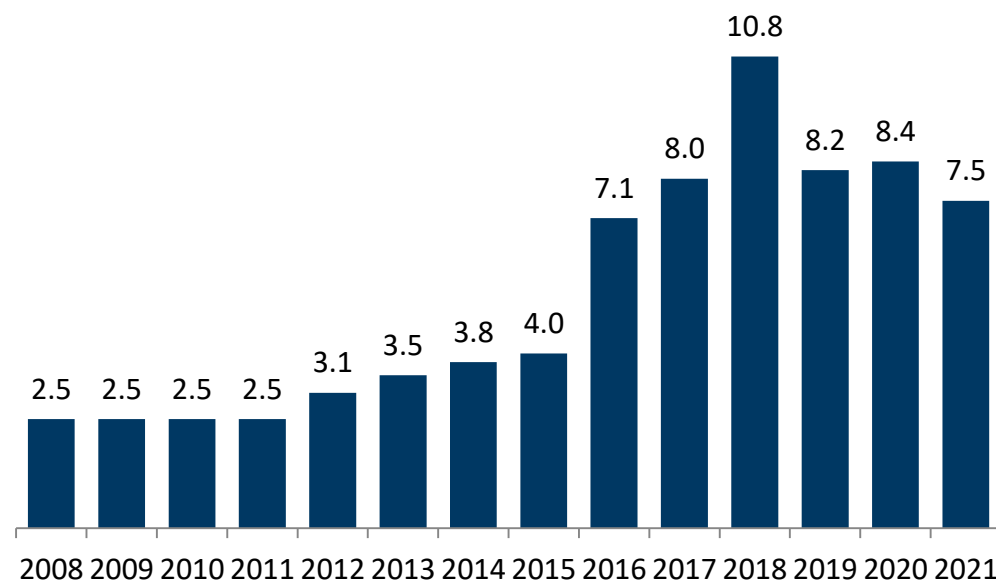
# Banks – Well capitalised, Improving asset quality

- Capital position of Indian banks have strengthened in the last few years with Tier 1 capital at 14% in FY21 (v/s regulatory 9.25%). Further few banks have raised capital even in FY21, thereby fortifying their balance sheet
- Significant reduction seen in the NPA levels from the peak of 2018
- Asset quality held up despite 2 shock waves of COVID-19 pandemic, credit cost should normalize for the sector from 2HFY22E/FY23E

**Tier-1 capital positioning of Banks (%)**



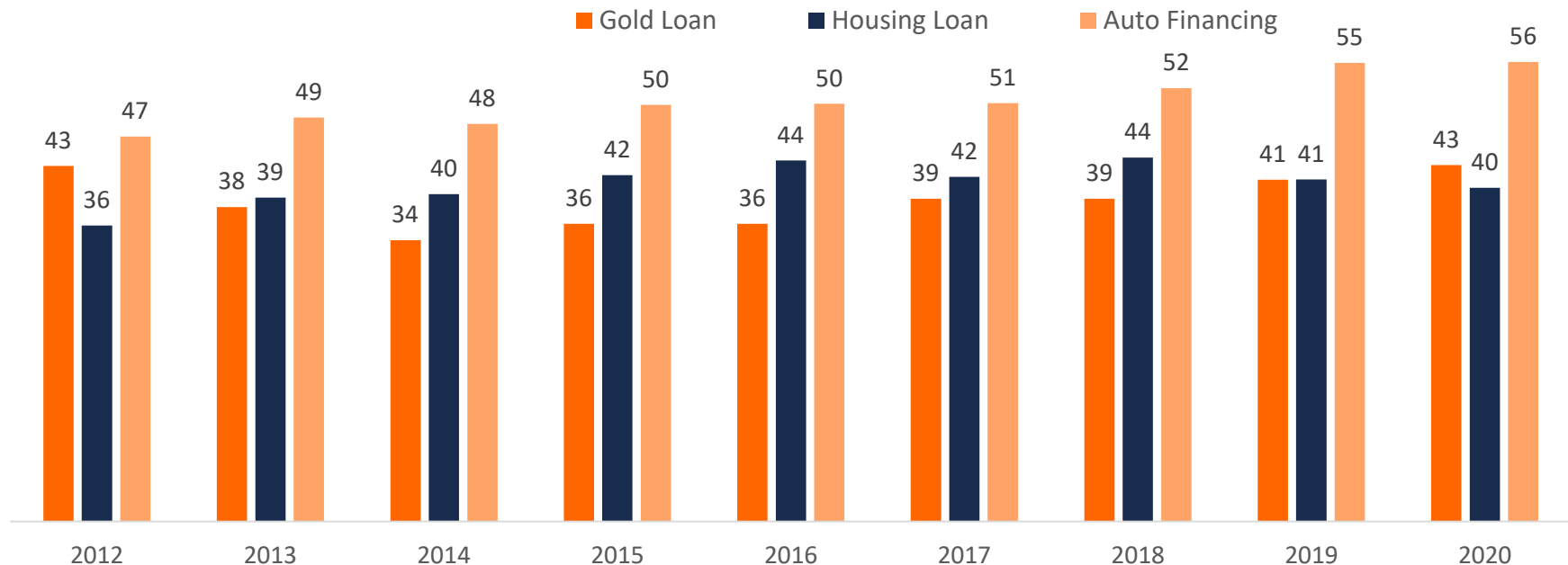
**Gross NPA trend of Banks (%)**



# NBFCs – Alternative financier to the economy, huge addressable market

- India houses large number of NBFCs (9,600+), of which ~100 are listed. Share in total credit moved from 15% to 25% in last decade.
- NBFCs primarily cater to underbanked/ new-to-bank customers, in rural/semi-urban locations.
- NBFCs market share in credit improved from ~12% in FY08 to ~20% in FY20.
- NBFCs are now dominating players in auto, housing and gold financing business

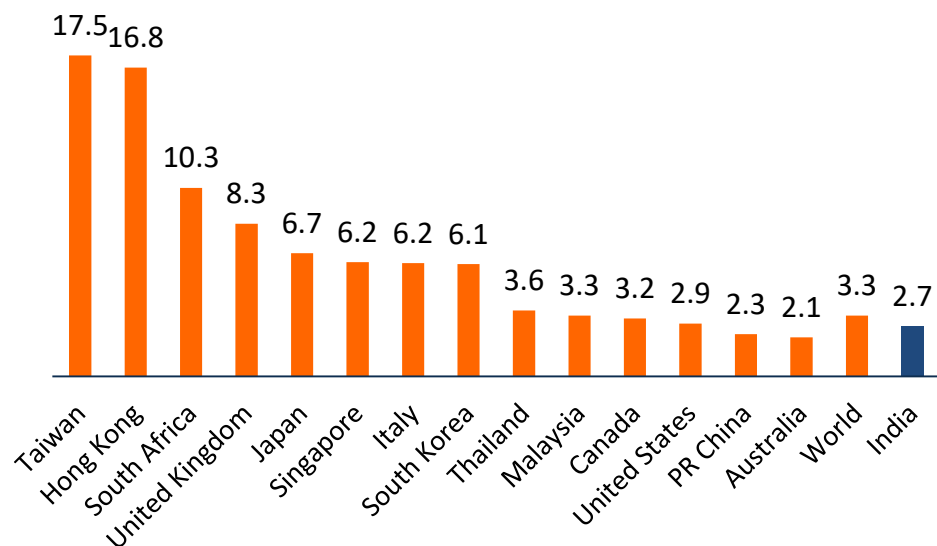
**NBFC's Market Share (in %) Product Wise**



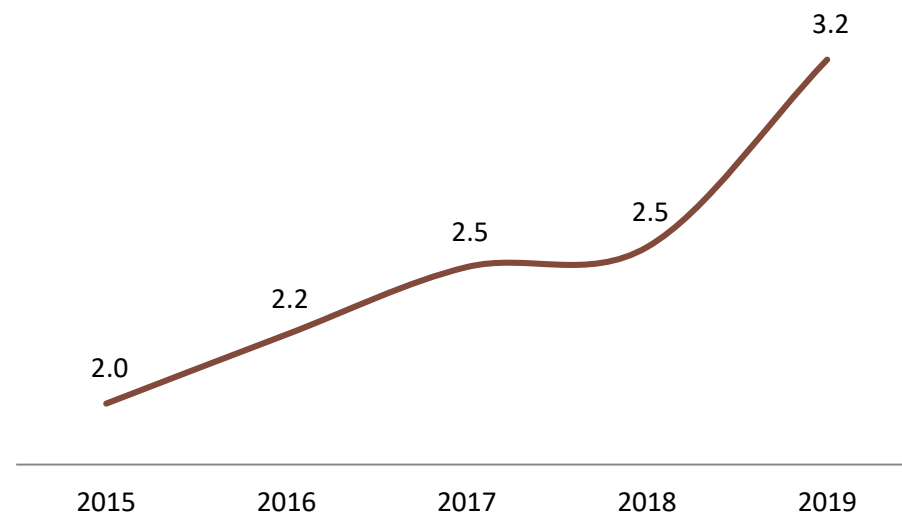
# Life & General Insurance – Low penetration and growing demand

- Insurance, especially life insurance and health insurance segments, continues to be a largely ‘push’ driven product.
- Life Insurance segment has protection gap of 92% and low market penetration provides large room for future growth
- Non-life insurance will develop further with certain innovative and niche products such as flight delay insurance, sachet insurance etc.

Life insurance penetration - Premium % of GDP

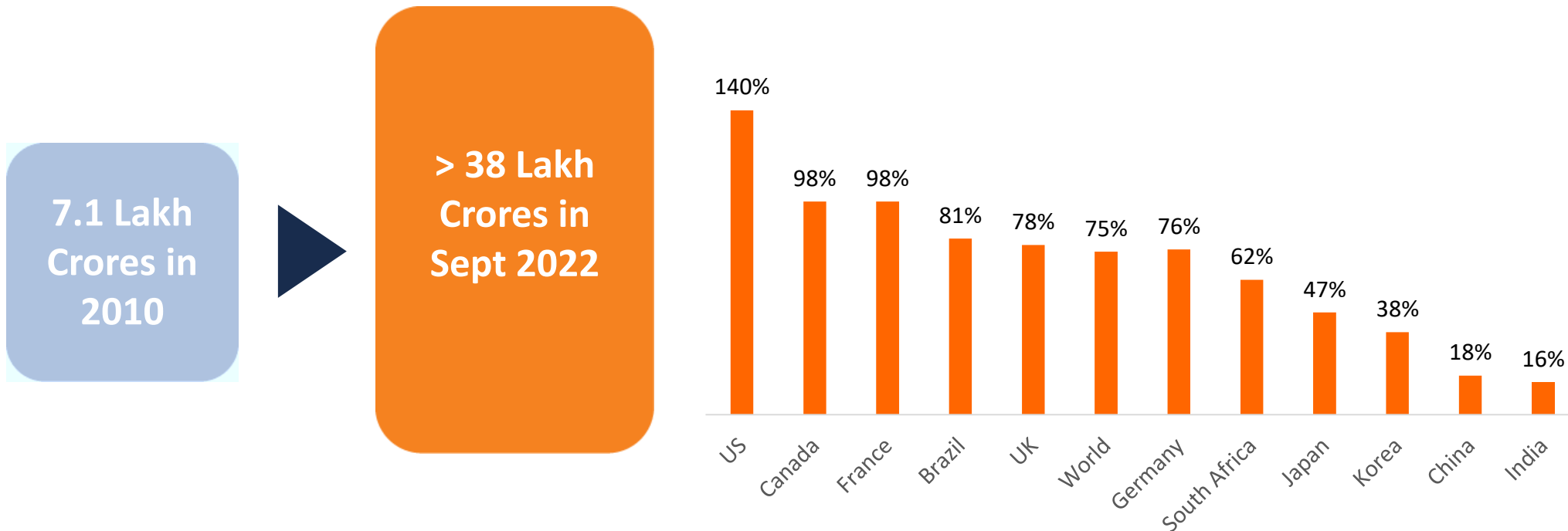


Health insurance penetration - %



# Mutual Fund – Growing rapidly, but hugely underpenetrated

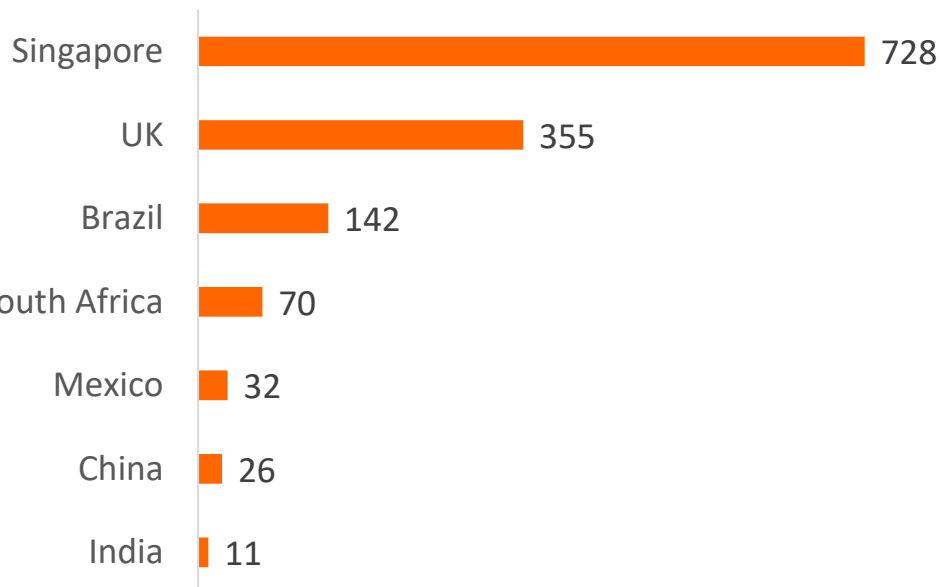
- Mutual fund industry have been growing rapidly in last 10 years
- AUM to GDP ratio in India as of Mar-22 is ~16%, still below many other comparable peers



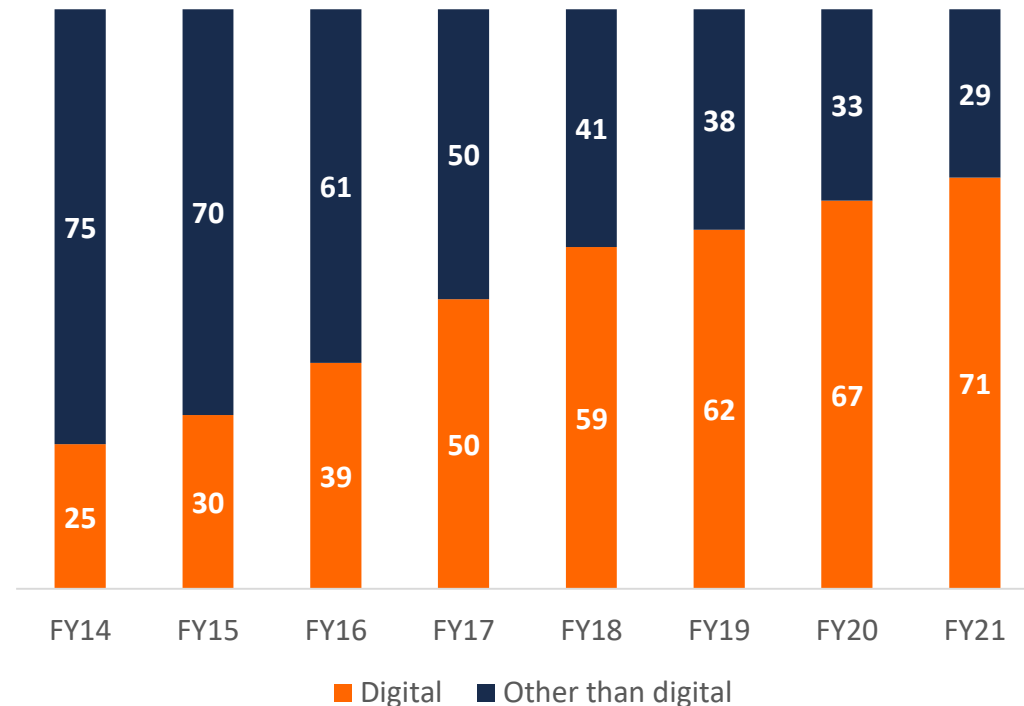
## Emerging Trends – Digital & FinTech evolution gathering pace

- Digital banking services picked up in last five years promoting mobile based banking (UPI etc). UPI payment mode clocked over 4.5 billion transactions in Dec'21
- Digital transformation has just begun with banks collaborating with Fintech to leverage technological gains.
- Banks profitability improvement will be driven by better cost efficiencies / productivity with shift from physical to digital.

### Non-cash transactions per capita



### Share of Digital Transactions



# Mirae Asset Nifty Financial Services ETF offering

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# About Nifty Financial Services Index

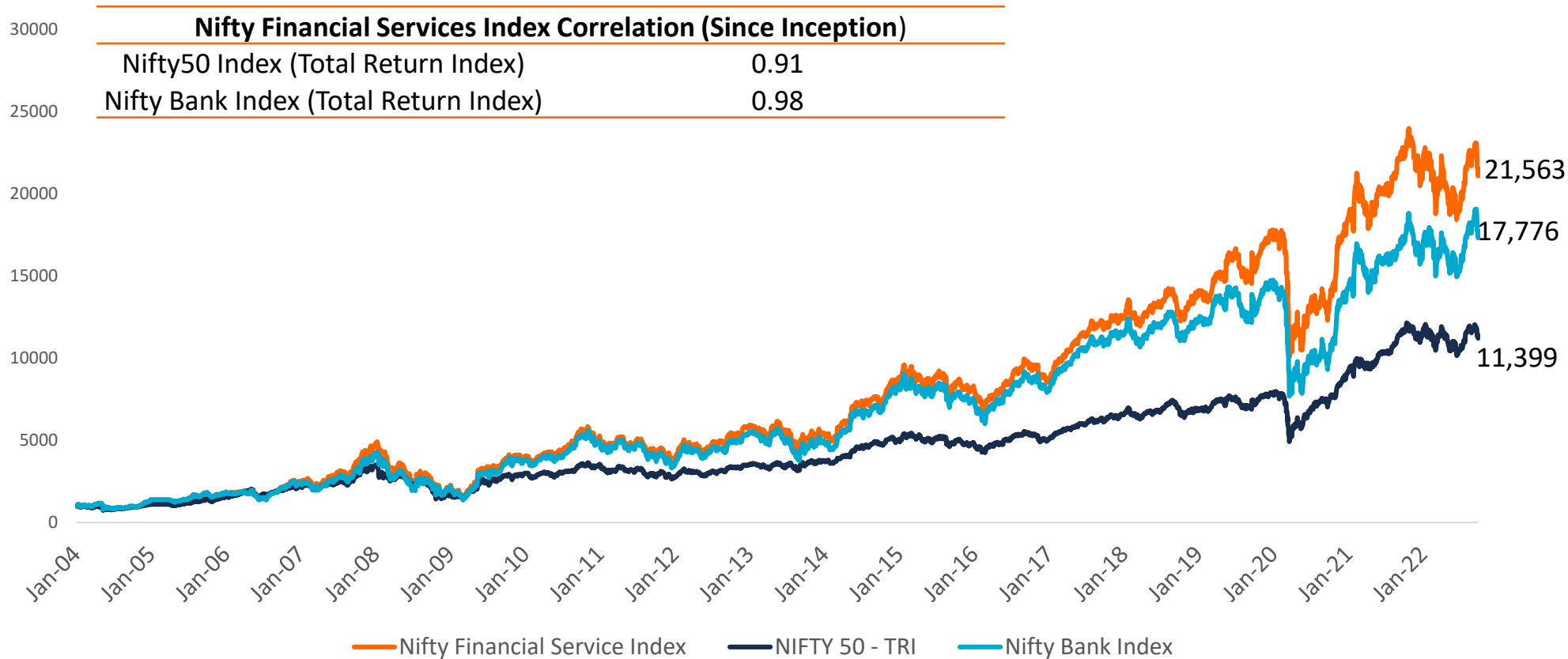
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The Nifty Financial Services Index is designed to reflect the behavior and performance of large companies in financial services sector. The Nifty Financial Services Index comprises of 20 stocks that are listed on the National Stock Exchange (NSE)

Eligibility Criteria for Selection of Constituent Stocks:

- i. Company should belong to Financial Services sector and form part of NIFTY 500 Index at the time of review.
- ii. The company should have a listing history of 6 months
- iii. Final selection of 20 companies shall be done based on the free float market capitalization after considering the adequate representation of each segment.
- iv. Weightage of each stock in the index is calculated based on its free-float market capitalization
- v. No single stock shall be more than 33% of the total and weightage of top 3 stocks cumulatively shall not be more than 62% of the total at the time of rebalancing.
- vi. Index is re-balanced on semi-annual basis in March and September

# 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 Sept 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. The Index values have been rebased to 1,000.



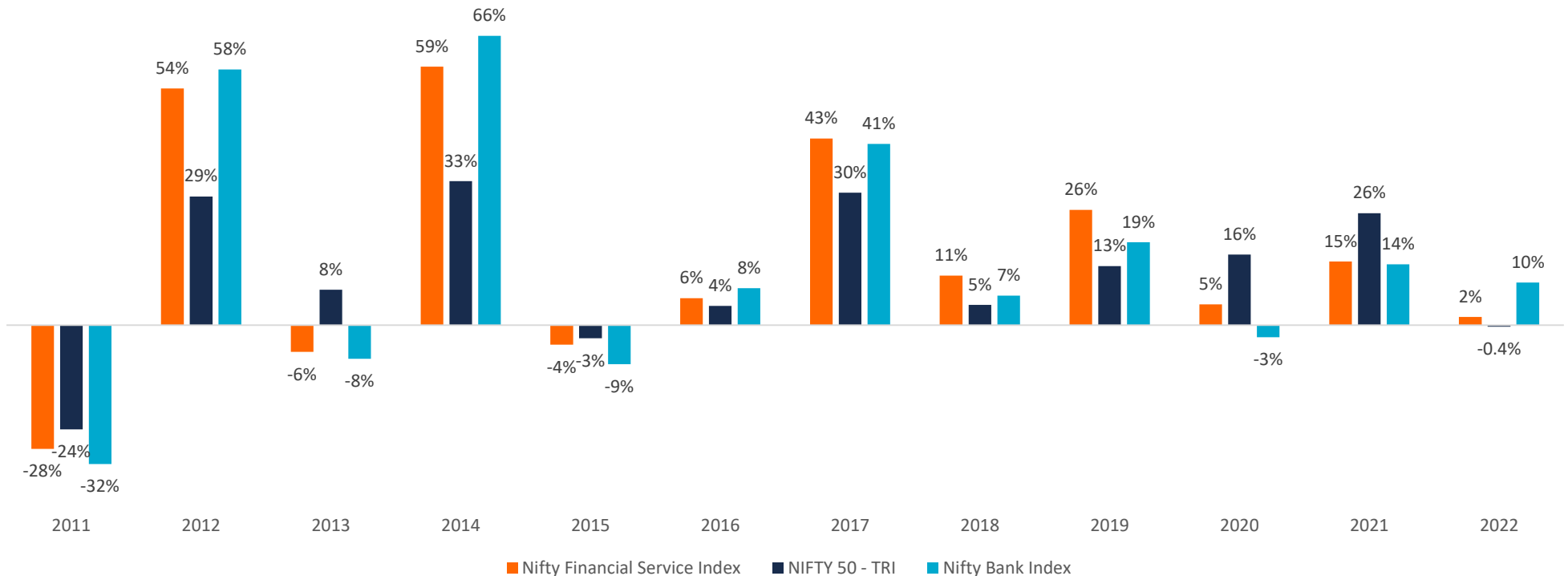
## Nifty Financial Services Index : Return and risk profile

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	16.2%	12.4%	15.4%	26.7%	20.7%	27.7%
10 Year	14.9%	13.0%	13.7%	23.0%	17.1%	24.3%
7 Year	14.7%	13.0%	12.8%	23.0%	17.7%	24.1%
5 Year	12.6%	13.2%	10.4%	25.1%	19.2%	26.2%
3 Year	11.0%	15.6%	10.3%	29.6%	22.5%	31.2%
1 Year	-3.5%	-1.6%	4.1%	21.1%	17.4%	21.6%
6 Months	2.9%	-1.2%	7.1%	21.7%	17.5%	21.4%
3 Months	13.3%	8.7%	15.9%	18.1%	15.1%	18.4%

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

Source: NSE, as on Sept 30, 2022 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 6 out of 11 and 8 out of 11 calendar years respectively.**

Source: NSE Data as on Sept 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

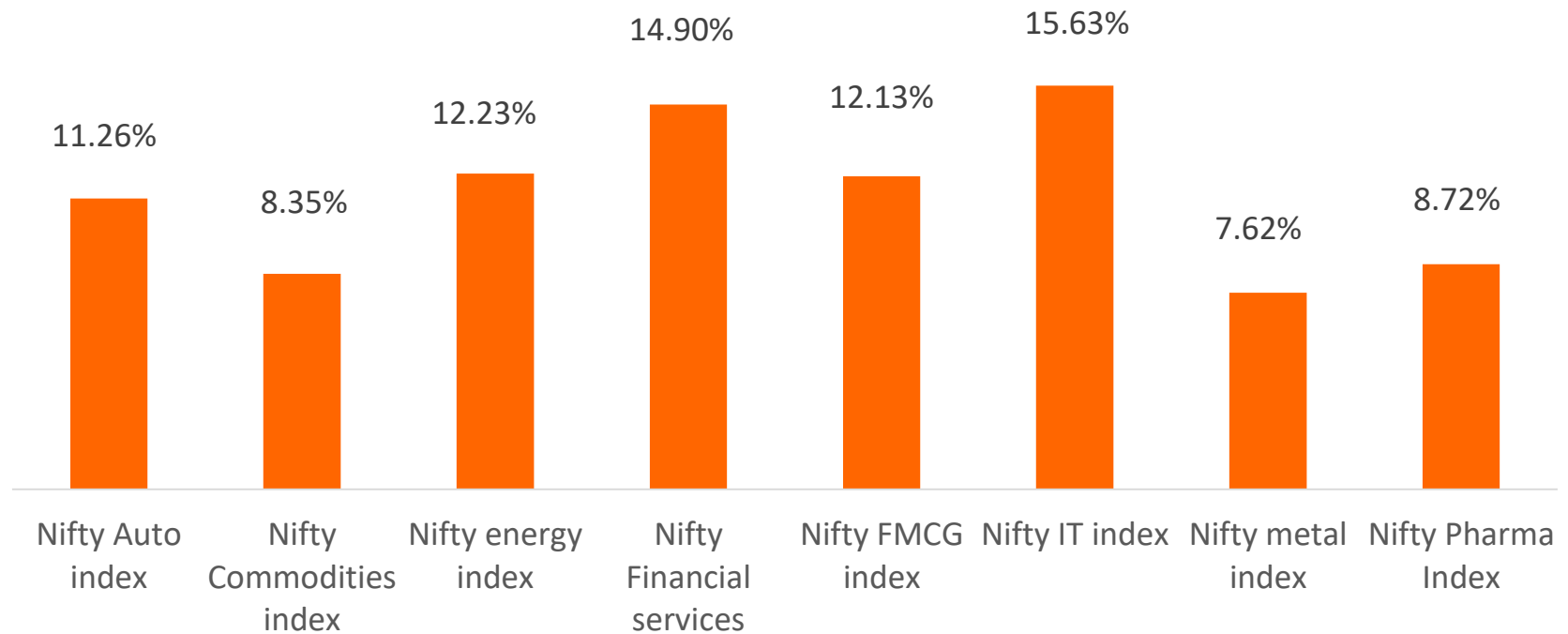
Period1	1 Year Investment Horizon			3 Year Investment Horizon		
	Nifty Financial Services Index	NIFTY 50 Index	Nifty Bank Index	Nifty Financial Services Index	NIFTY 50 Index	Nifty Bank Index
14 years	18.3%	13.2%	17.8%	15.4%	10.9%	14.1%
10 years	19.0%	15.4%	17.8%	15.0%	11.7%	13.0%
7 years	16.0%	13.6%	14.0%	15.5%	12.0%	13.1%
5 years	17.7%	16.6%	15.0%	14.9%	12.1%	11.3%
3 years	17.0%	19.3%	14.4%	13.0%	12.4%	8.1%
1 year	13.8%	19.4%	15.7%	13.6%	17.0%	9.9%

**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 Sept 30, 2022. 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

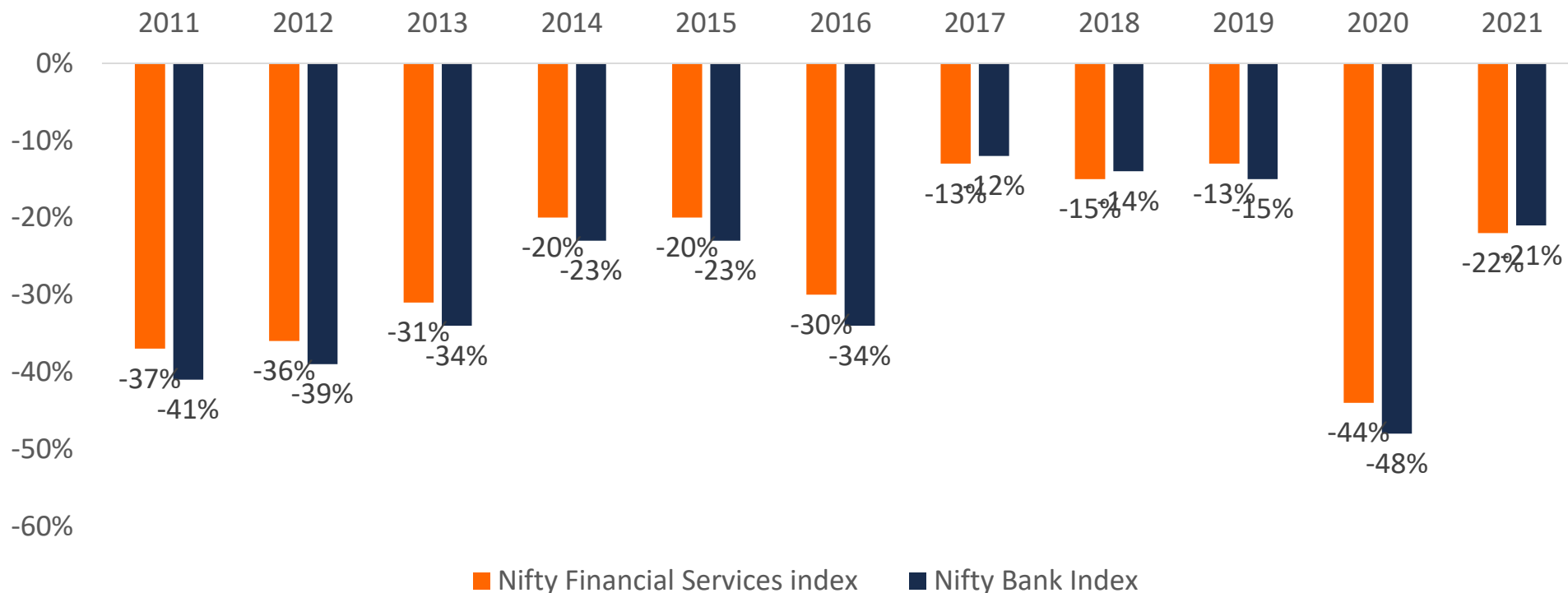
## 10 Year Return of Nifty Sectoral Indices



**In the last 10 years, Nifty Financial Services Index has generated a CAGR return of 14.9%**

# Nifty Financial Services Index & Nifty Bank Index - Drawdown

## Calendar Year Maximum Drawdown



**Nifty Financial Services Index has recorded lower maximum drawdown from previous high water mark in last 8 out of 11 Calendar Years**

Source: NSE, as on Dec 31, 2021. Past performance may or may not sustain in future. Maximum drawdown in any calendar year represents how much the index is down from its previous highest level observed also known as high water mark. The above is performance of the Index and does not in any manner indicate the performance of any individual scheme of Mutual Fund

## Difficult to outperform Nifty Financial Services Index

Index	% of BFSI Schemes outperformed by Index				Excess return over average returns of MF			
	1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
Nifty Financial Services TRI	20%	78%	100%	75%	-2.7	0.9	4.2	1.1
Nifty Bank TRI	82%	56%	88%	75%	3.3	0.2	2.0	-0.03

\*BFSI MF : Banking, Financial Service & Insurance Mutual Fund scheme

- Nifty Financial Services Index has outperformed 100% of BFSI mutual funds over 5 year period.
- % of funds finding difficult to beat Nifty Financial Services Index are in greater proportion than % of funds finding difficult to beat Nifty Bank Index over 3 and 5 year period.
- For investment horizon of more than one year, on an average basis, active BFSI funds have underperformed the Nifty financial services index by at least 620bps.

Source: ACE MF, as on Sept 30, 2022. \* Based on 11 Banking & Financial Services, funds. \*Banking & Financial Services Funds based on ACE MF classification. BFSI is defined as minimum investment in equity & equity related instruments of a banking & financial services theme is at least 80% of total assets. Past performance may or may not sustain in future. The above is performance of the category and does not in any manner indicate the performance of any individual scheme of Mirae Asset Mutual Fund.

# Nifty Financial Services Index Portfolio

Industry	% Weightage
Private Sector Bank	58.3%
Housing Finance Company	14.3%
Non Banking Financial Company (NBFC)	9.8%
Public Sector Bank	7.0%
Life Insurance	4.4%
Holding Company	3.5%
General Insurance	1.0%
Financial Institution	0.8%
Asset Management Company	0.4%
Exchange and Data Platform	0.4%

- 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.	21.60
ICICI bank Ltd.	20.75
Housing development finance corporation ltd.	14.33
Kotak Mahindra bank Ltd.	9.23
State bank of india	7.03
Bajaj finance ltd.	6.75
Axis bank Ltd.	6.69
Bajaj finserv ltd.	3.51
SBI life insurance company ltd.	1.95
HDFC life insurance company ltd.	1.73
ICICI lombard general insurance company ltd.	1.02
Cholamandalam investment and finance company ltd.	1.00
SBI cards and payment services ltd.	0.89
Shriram transport finance co. Ltd.	0.79
ICICI prudential life insurance company ltd.	0.71
HDFC Asset Management Company ltd.	0.43
Power finance corporation ltd.	0.42
Rec ltd.	0.40
Muthoot finance ltd.	0.39
Indian energy exchange ltd.	0.37

Source: NSE, Portfolio as on Sep 30, 2022 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 (almost 64%)
- ✓ 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



**ETF Units:**  
Creation Unit Size = 3,00,000 units  
NAV: Rs. 17.6290 (As on Sept 30, 2022):



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



**Listing:**  
NSE: MAFSETF  
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)

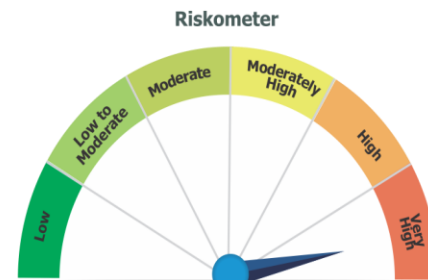
**Please consult your financial advisor or mutual fund distributor before investing**

## 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**