

**Aims to guide you on  
the path to progress.**



\*Non Banking Financial Corporation

## **Mirae Asset Nifty Financial Services ETF**

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

New Fund Offer (NFO) starts on: 22/07/2021 | New Fund Offer (NFO) closes on: 29/07/2021

Scheme re-opens for continuous sale & Re-purchase on and from 03/08/2021



# Financial Services sector: Close to our life and economy

# Financial Services sector – It's not just Banks

## Banking



## Financial Services



Public Sector  
Banks



Private  
Banks



Small Finance  
Banks



Foreign  
Banks



Regional  
rural banks



**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



Industry Growth



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



You will need to  
plan to use money wisely

# How Financial Services sector relates to life and economy

## Bank /NBFC



Plan for Big Spending

## Insurance Company



Secure for Future

## Asset Management Companies (AMC) / Stock Brocking



Plan for new Investments

# How Financial Services sector is related to your life

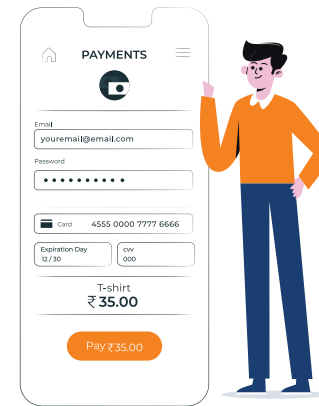
## Banking and Financial Services Sector Is close to your daily life



Monthly SIP to  
Mutual fund



Your Salary account



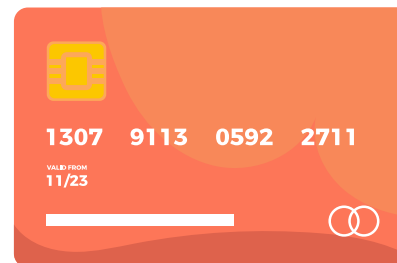
Online Payment &  
Mobile wallet



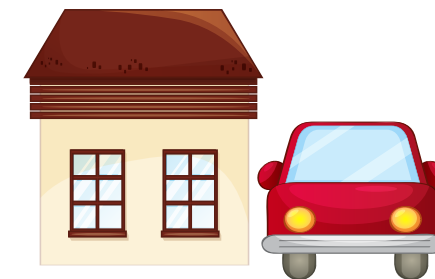
Apply insurance for  
your family



Stock trading



Credit Card & EMI



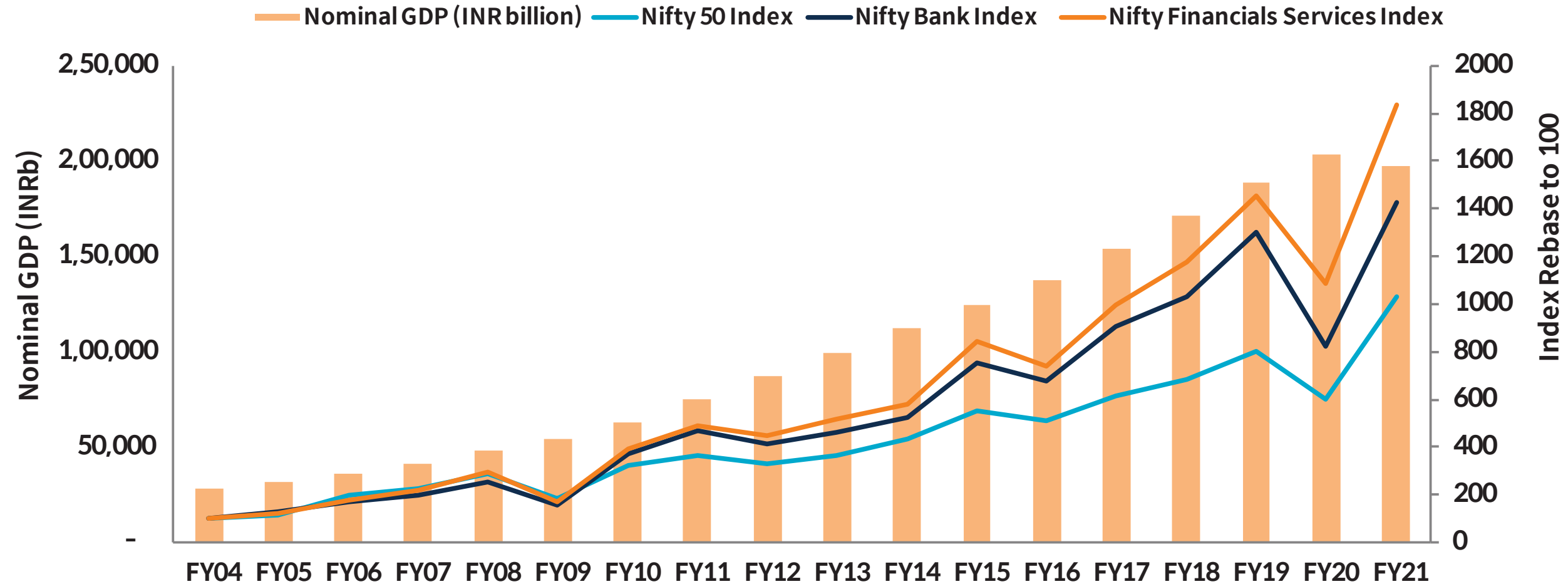
Taking Housing & Car loan



# Why Participate in the Sector ?








# Historically, Financial Services sector has benefited from economic growth

- ▶ 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 June 30, 2021. 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.

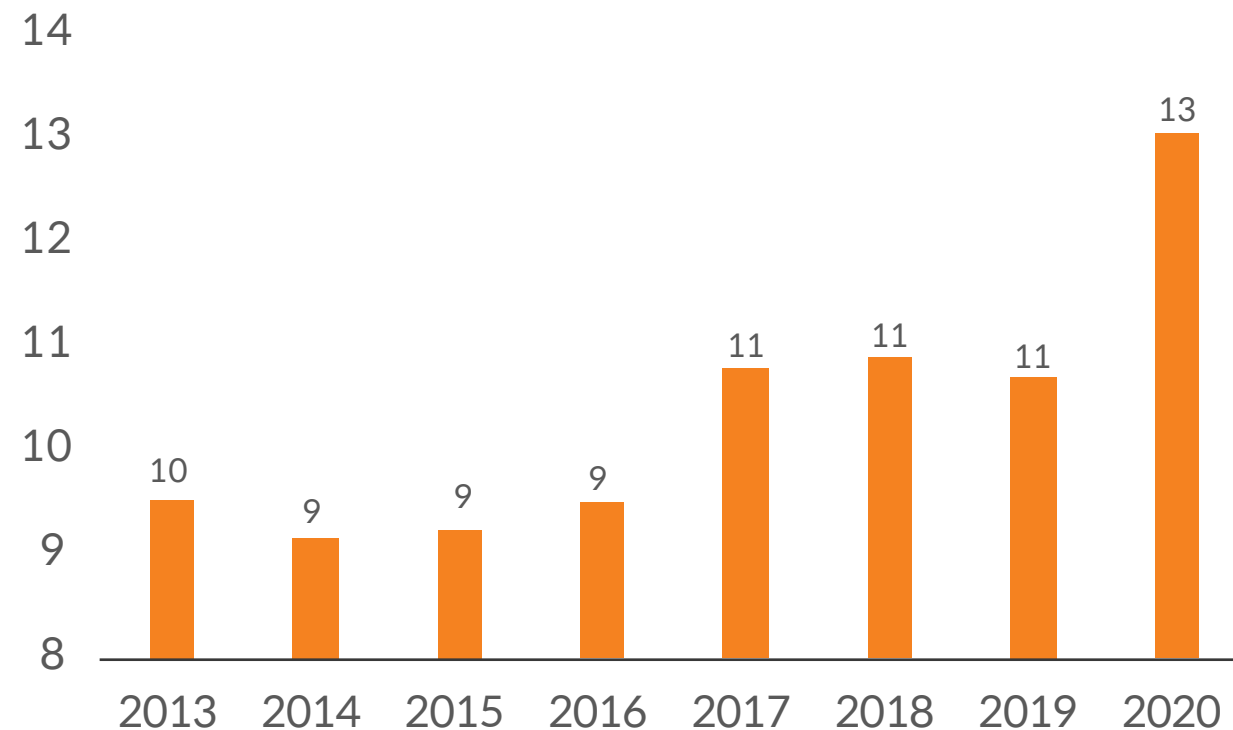
# Market penetration across financial products very low

Country		Credit to GDP (%)	Mortgage Penetration to GDP(%)	Life Insurance Premium to GDP (%)	Mutual Fund AUM to GDP (%)
India		56	12.4	2.7	12
Brazil		74	17.1	3.9	68
South Africa		73	21.4	10.3	48
China		205	26.4	2.3	13
Korea		198	47.5	6.1	58
USA		150	62.6	2.9	121
UK		164	67.0	8.3	67

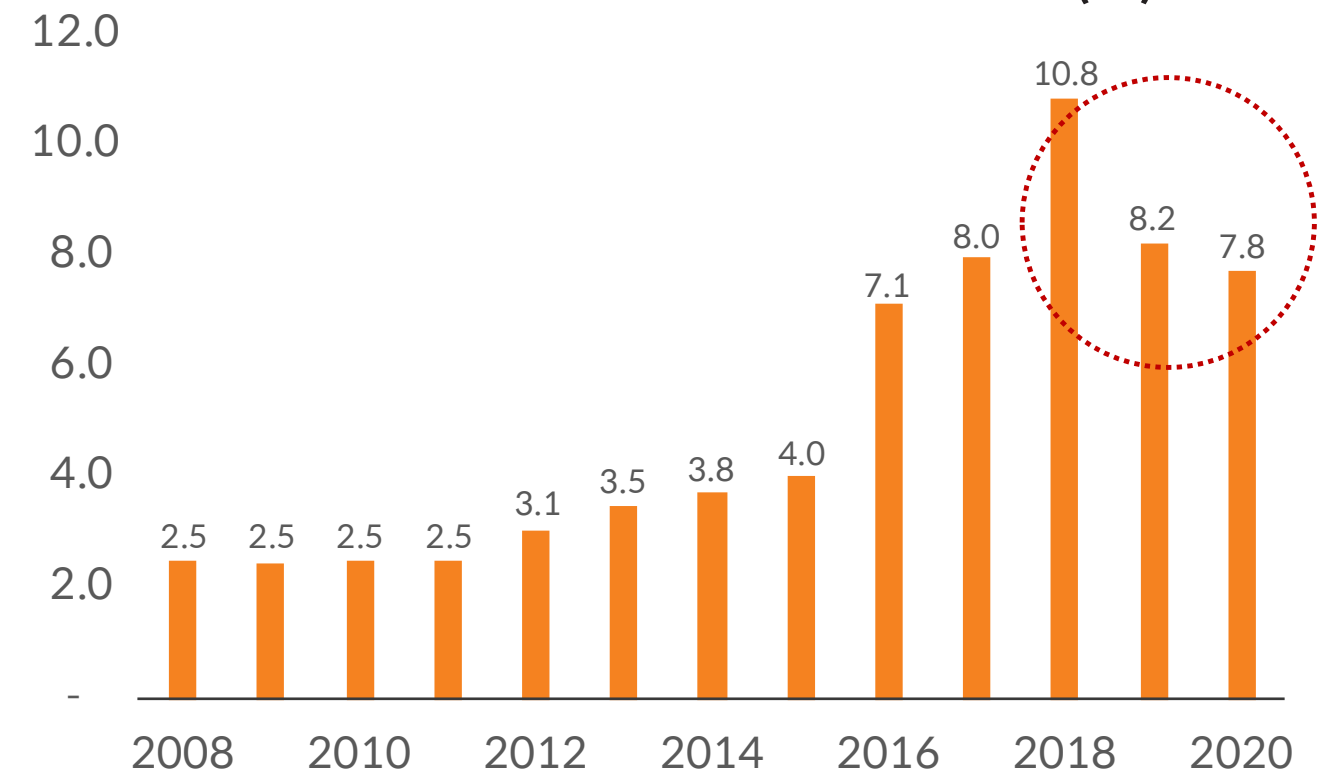
# Banks – Well capitalised, Improving asset quality

- ▶ Capital position of Indian banks have strengthened in the last few years with Tier 1 capital at 13% in FY20 (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 improved significantly with credit bureau coverage reaching OECD average (65% of adult population)

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

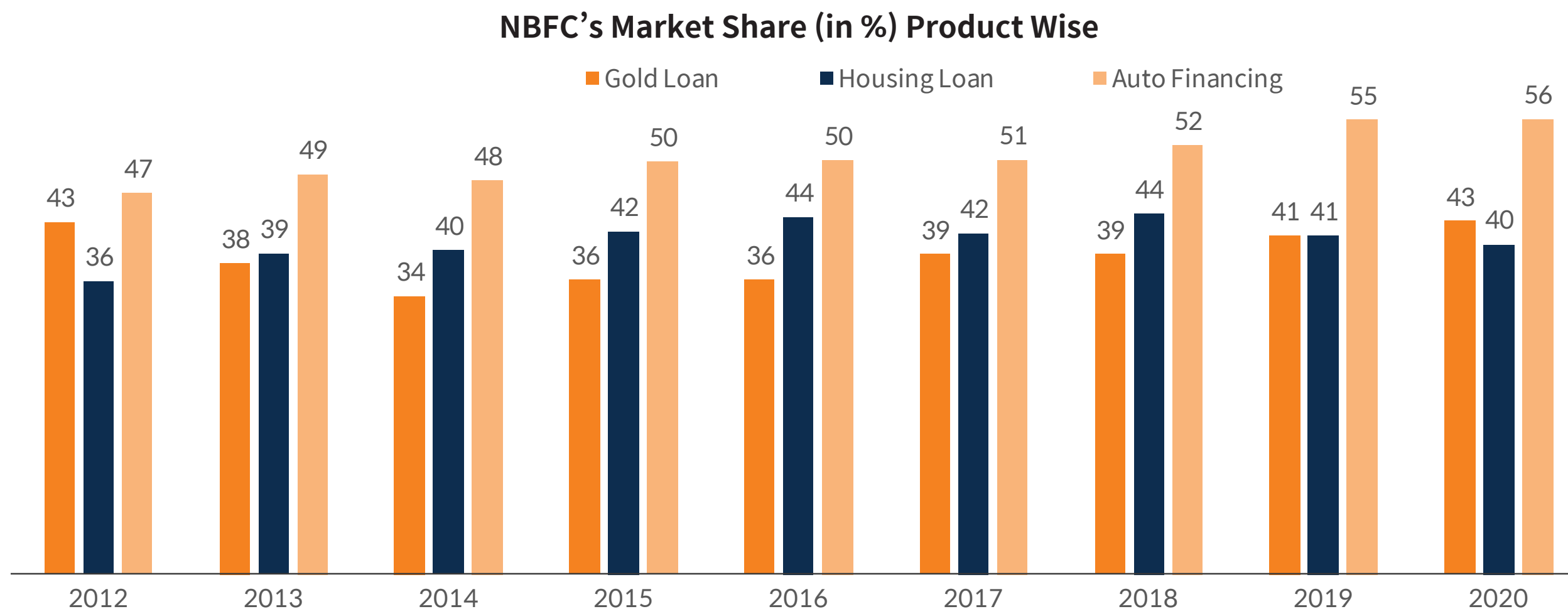


**Gross NPA Trend of Banks (%)**



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

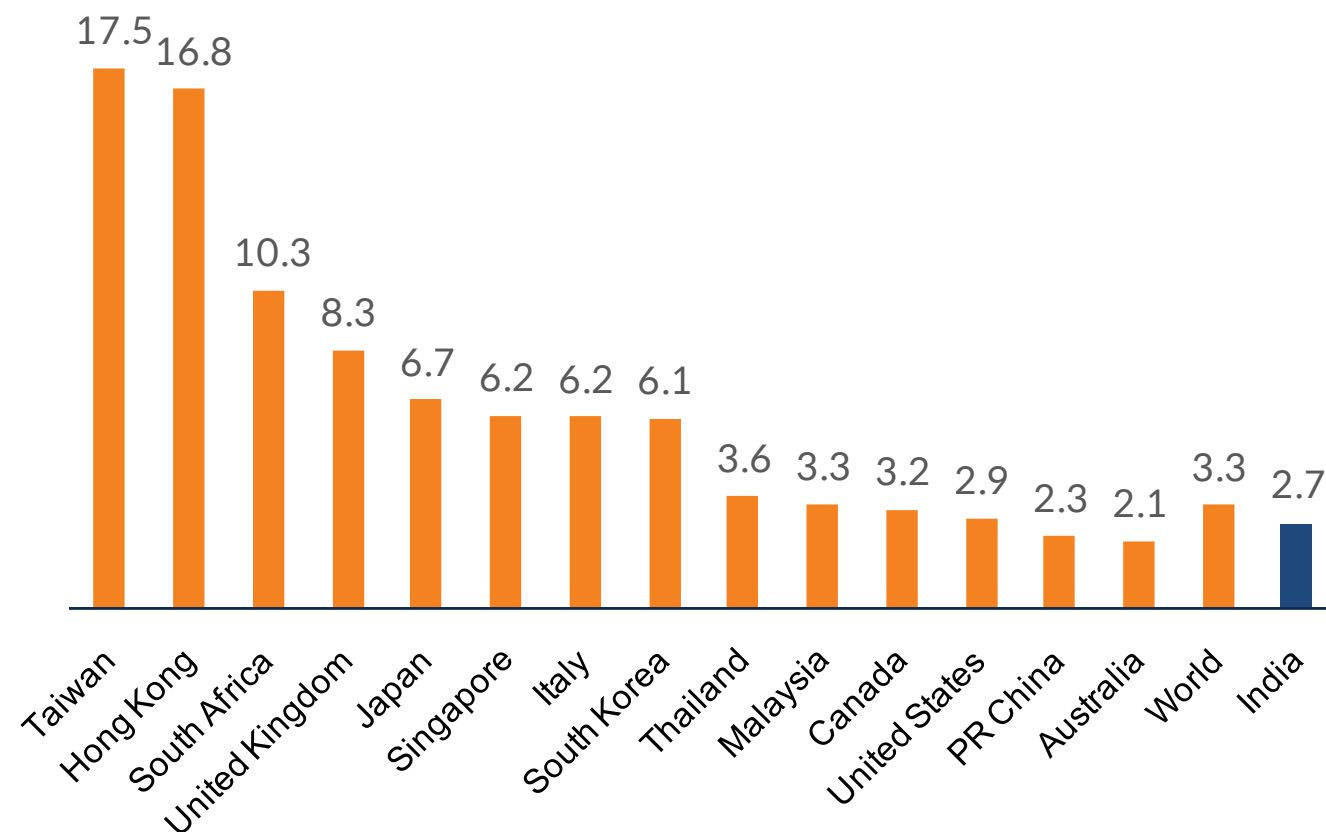
- ▶ India houses large number of NBFCs (9,600+), of which ~100 are listed. Share in total credit moved from 15% to 25% in last decade
- ▶ NBFCs primarily cater to underbanked/ new-to-bank customers, in rural/semi-urban locations
- ▶ NBFCs market share in credit improved from ~12% in FY08 to ~20% in FY20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



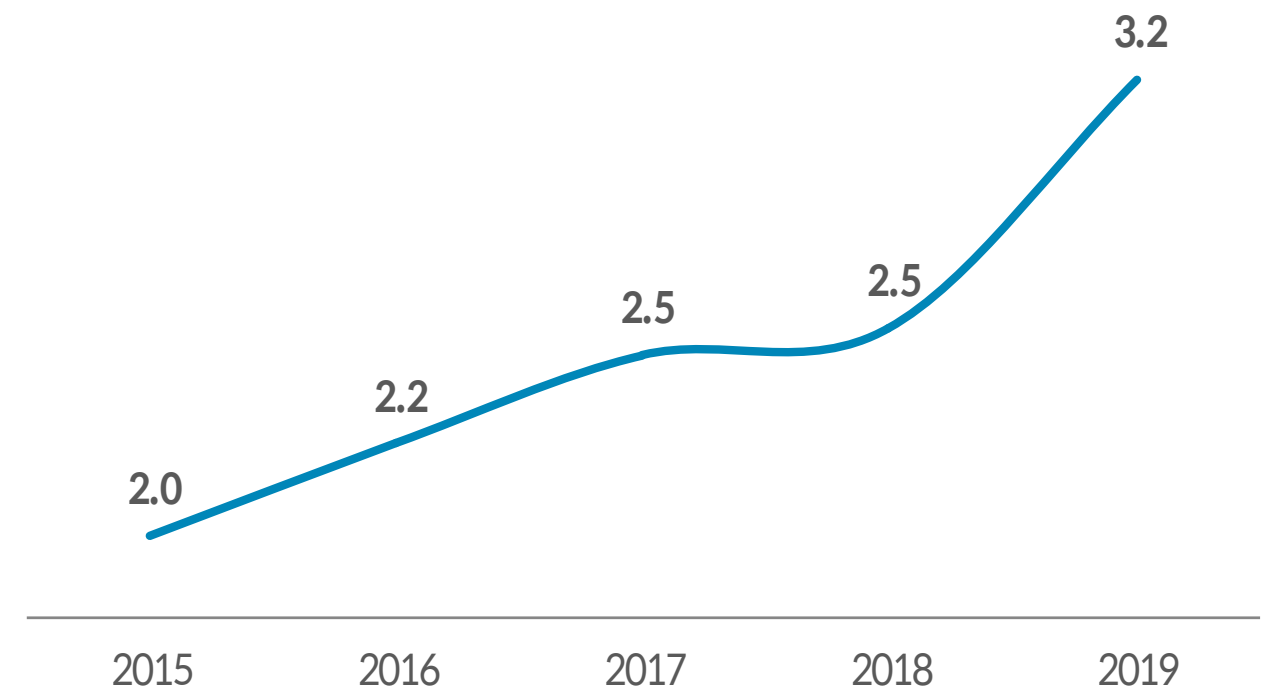
# Life & General Insurance – Low penetration and growing demand

- ▶ 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 - %**



# Why Financial Services Now ?



Post pandemic, economic growth is expected to bounce back significantly aided by growth in the financial services



Segments with lower penetration within financial services sector is expected to potentially grow at a faster rate



Quicker adoption of technology and digitalization is expected to potentially bring down the cost for companies



Improvement in asset quality of bank along with revival of corporate sector is potentially expected to improve the profitability of financial services sector



# Mirae Asset Nifty Financial Services ETF offering

# About Nifty Financial Services Index

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:



Company should belong to Financial Services sector and form part of NIFTY 500 Index at the time of review.



The company should have a listing history of 6 months



Final selection of 20 companies shall be done based on the free float market capitalization after considering the adequate representation of each segment.



Weightage of each stock in the index is calculated based on its free-float market capitalization

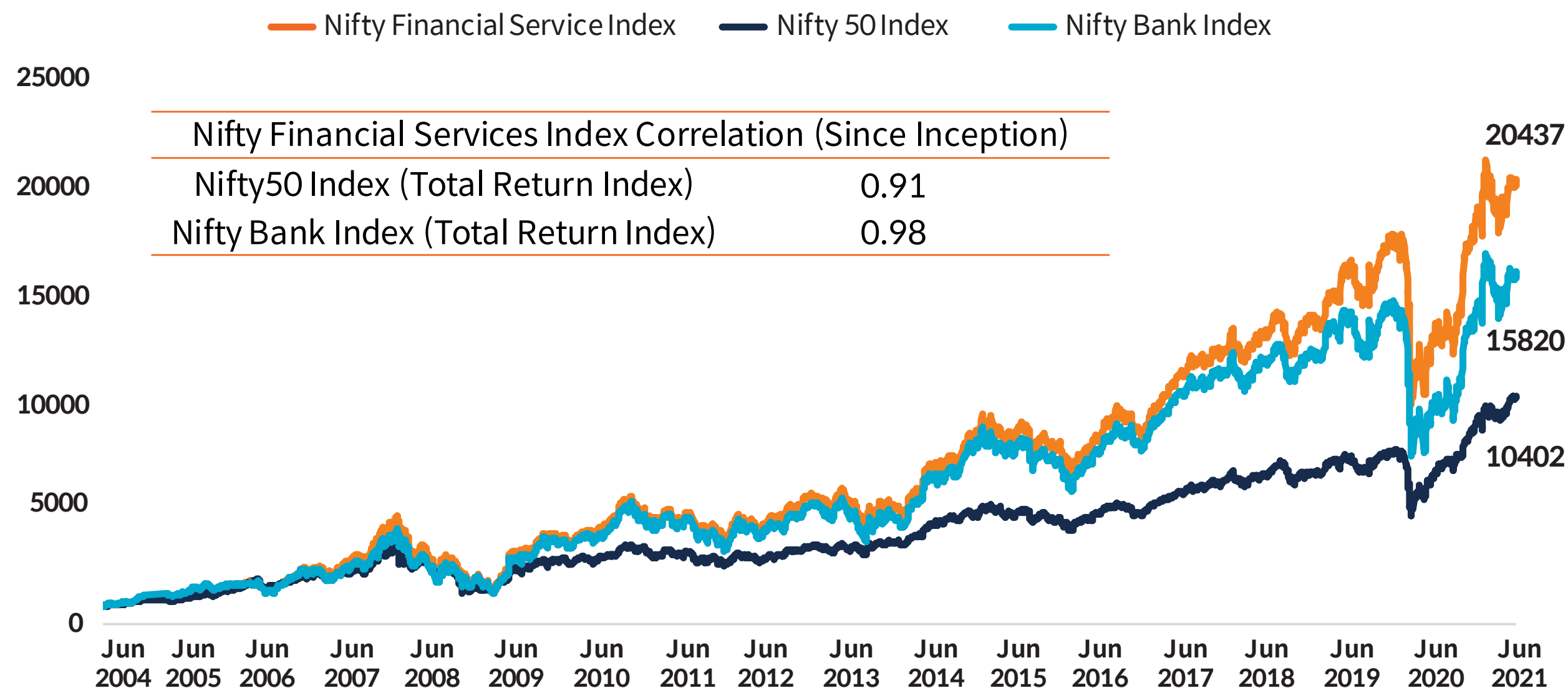


No single stock shall be more than 33% of the total and weightage of top 3 stocks cumulatively shall not be more than 62% of the total at the time of rebalancing.



Index is re-balanced on semi-annual basis in March and September

# Nifty Financial Services Index has outperformed with strong correlation



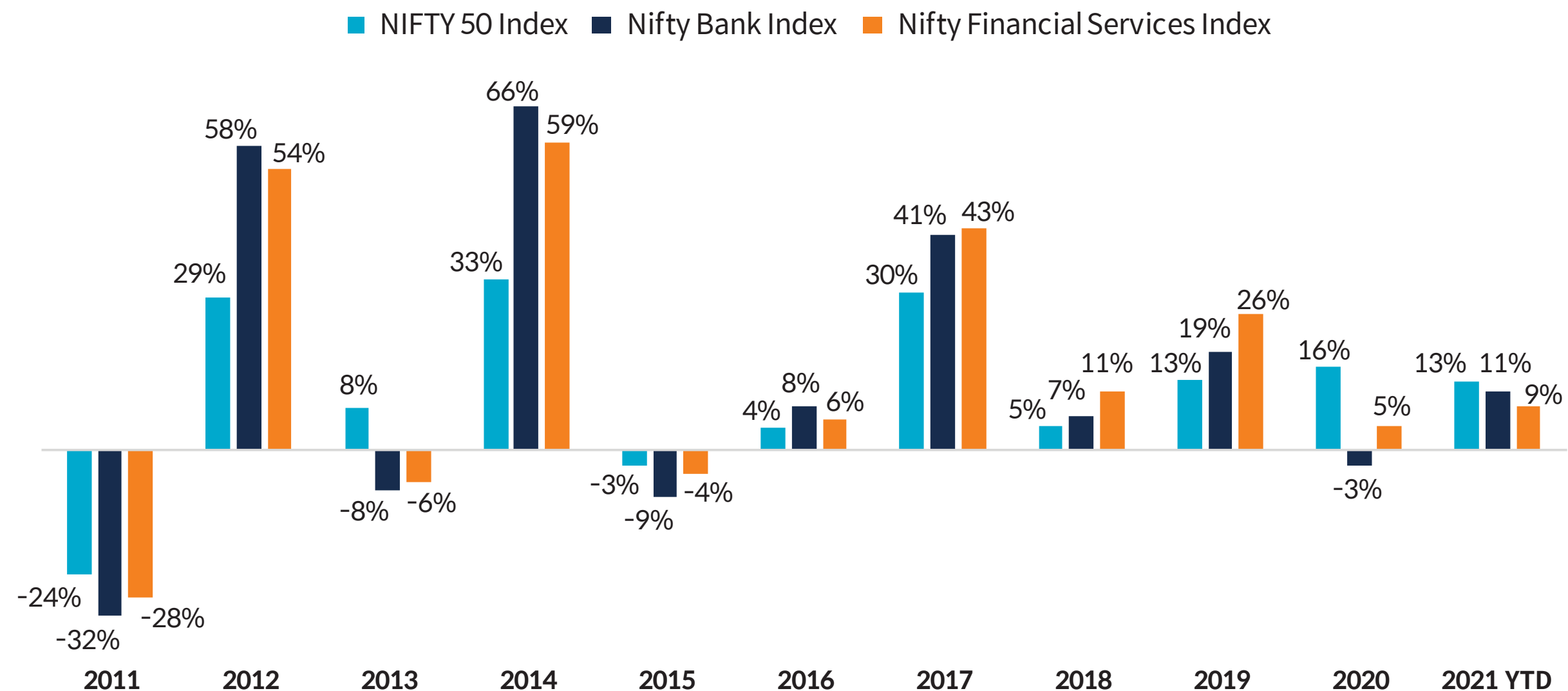
**Nifty Financial Services Index has historically outperformed Nifty 50 Index and Nifty Bank Index. Also, it has exhibited a very strong correlation with both the indices.**

# Nifty Financial Services Index : Return and risk profile

Period	Returns			Risk (Annualized standard deviation)		
	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index
15 Years	18.5%	12.7%	17.2%	29.1%	22.3%	30.1%
10 Years	14.9%	12.2%	12.7%	23.6%	17.5%	25.0%
07 Years	15.7%	12.3%	13.1%	23.2%	17.5%	24.3%
05 Years	18.3%	15.1%	14.6%	24.1%	18.2%	25.2%
03 Years	15.1%	15.6%	10.0%	29.1%	21.9%	25.2%
01 Years	56.6%	54.6%	63.1%	24.8%	16.8%	27.5%
6 months	8.5%	13.2%	11.5%	25.7%	18.1%	27.6%
3 months	5.0%	7.5%	4.7%	22.3%	14.4%	24.6%

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

# 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 7 out of 11 calendar years respectively.**

Source: NSE Data as on June 30, 2021. 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

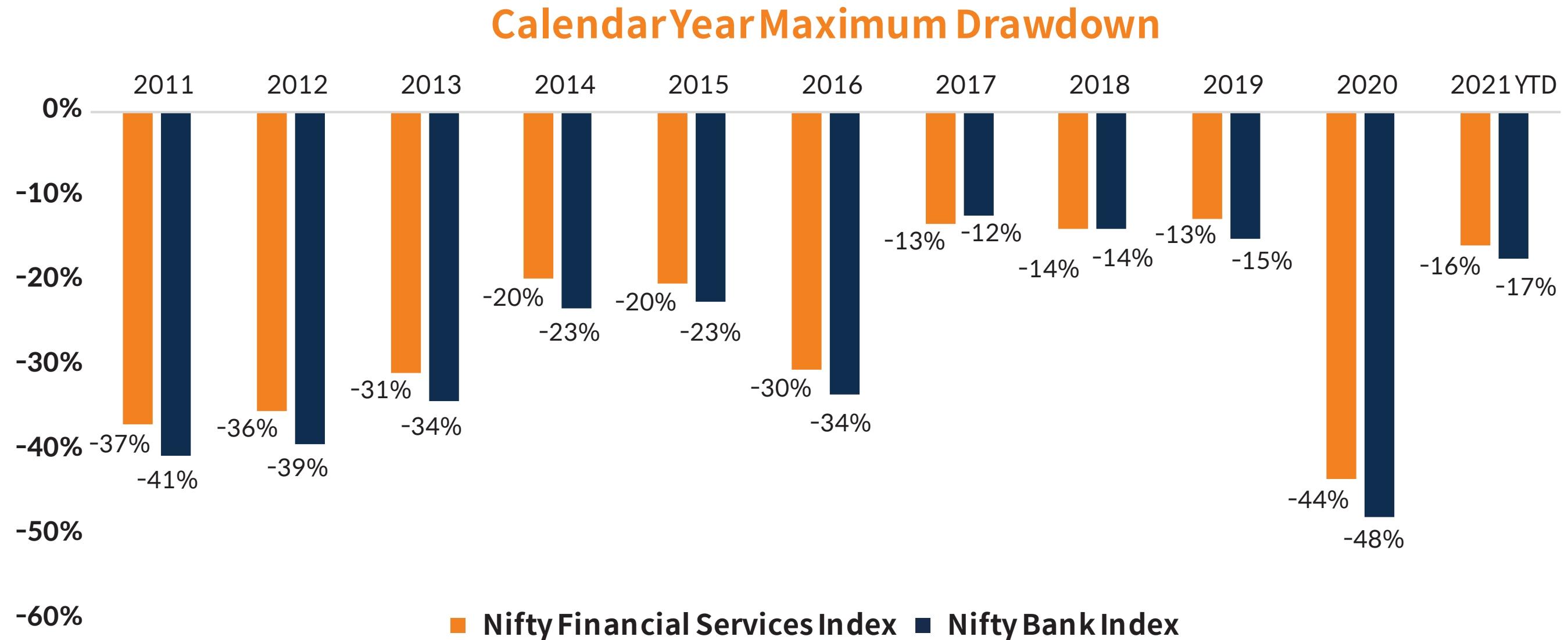
# Nifty Financial Services Index : Rolling returns

Period	Average Rolling Returns					
	3 years investment horizon			1 year investment horizon		
	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index	Nifty Financial Services Index	Nifty 50 Index	Nifty Bank Index
15 Years	18.6%	13.5%	16.9%	21.3%	15.1%	19.4%
10 Years	16.1%	11.3%	14.7%	15.3%	11.5%	13.7%
07 Years	17.0%	12.4%	15.3%	19.6%	14.0%	17.9%
05 Years	16.4%	11.0%	14.0%	17.6%	13.6%	25.2%
03 Years	15.5%	11.0%	11.5%	29.1%	11.9%	8.2%
01 Years	10.7%	10.2%	5.0%	17.7%	26.2%	15.0%

**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 one year**

Source: NSE, as on June 30, 2021. 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

# Nifty Financial Services Index & Nifty Bank Index – Drawdown



**Nifty Financial Services Index has recorded lower maximum drawdown from previous high water mark in last 9 out of 11 Calendar Years**

Source: NSE, as on June 30, 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 MF schemes outperformed by Index*					Excess return of Index over average returns of MF'				
	1 Year	3 Year	5 Year	7 Year	10 Year	1 Year	3 Year	5 Year	7 Year	10 Year
Nifty Financial Services Index	50%	100%	100%	100%	80%	-2.2	4.8	4.9	3.2	2.4
Nifty Bank Index	75%	50%	64%	50%	60%	4.3	-0.2	1.2	0.2	0.6

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

- ▶ Nifty Financial Services Index has outperformed 100% of BFSI mutual funds over previous 3,5 and 7 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.
- ▶ For investment horizon of more than one year, on an average basis, active BFSI funds have underperformed the index by at least 240bps

# Nifty Financial Services Index Portfolio

INDUSTRY	WEIGHT
Private sector bank	57.3%
Housing finance	16.7%
NBFC	6.6%
Public sector bank	6.0%
Life insurance	4.7%
General insurance	4.0%
Financial services	3.2%
Other financial services	1.0%
Asset management Companies	0.6%

- ▶ 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.

S.No.	Company Name	Weight
1	HDFC Bank	24.4%
2	Housing Development Finance Corporation	16.7%
3	ICICI Bank	16.3%
4	Kotak Mahindra Bank	9.3%
5	Axis Bank	7.2%
6	State Bank of India	6.0%
7	Bajaj Finance	6.0%
8	Bajaj Finserv	2.7%
9	HDFC Life Insurance	2.1%
10	SBI Life Insurance	1.7%
11	ICICI Lombard General Insurance	1.3%
12	Piramal Enterprises	1.0%
13	Shriram Transport Finance Co.	1.0%
14	ICICI Prudential Life Insurance	0.9%
15	Cholamandalam Investment and Finance	0.8%
16	HDFC Asset Management	0.6%
17	Muthoot Finance	0.6%
18	Power Finance Corporation	0.6%
19	REC	0.5%
20	Mahindra & Mahindra Financial Services	0.3%

# Why invest in Mirae Asset Nifty Financial Services ETF ?



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 has exhibited better return to risk profile along with lower drawdown vis-à-vis Nifty Bank Index



Overall actively managed BFSI funds are finding difficult to outperform Nifty Financial Services Index across longer investment horizon



Relatively low cost option to participate in Financial Services Sector

# NFO Details for Mirae Asset Nifty Financial Services ETF



## Fund Manager:

Ms. Ekta Gala



## Listing:

NSE & BSE (Maximum within 5 business days from the date of allotment)



## Post NFO:

On exchange ( in multiple of 1 units),  
Directly with AMC ( in multiple of 3,00,000 units)



## Authorized Participant:

Mirae Asset Capital Markets  
(India) Private Limited



## Minimum Investment Amount (During NFO Period):

₹ 5,000/- and in multiples of ₹ 1/- thereafter.



**NFO Period :** 22<sup>nd</sup> July 2021 – 29<sup>th</sup> July 2021

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

Scheme re-open: 03<sup>rd</sup> August 2021



## Benchmark Index:

Nifty Financial Services Total Return Index (TRI)



## Taxation:

Equity



## Allotment Price:

Offer for Sale of Units at 1/1000th  
value of the Nifty Financial Services  
Index on the date of allotment

# Disclaimer

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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 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 advisors if they are not clear about the suitability of the product.



# THANK YOU

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