

The IIFL Nifty ETF



THE IIFL NIFTY ETF CARRIES THE LOWEST EXPENSES OF ANY EQUITY ETF IN INDIA

Warren Buffet Speaks

“Most investors, both institutional and individual, will find the best way to own common stocks is through an index fund which charges nominal fees. Those following this path are sure to beat the net results (after fees and expenses) delivered by the great majority of investment professionals”

Warren Buffet, Berkshire Hathaway Chairman

It's Difficult to Outperform a Benchmark

“Among equity-oriented funds, majority of large cap and diversified equity funds underperformed their benchmark indices, viz, the S&P CNX Nifty and the S&P CNX 500, respectively, in all three time periods of analysis (1, 3 and 5 years).”

Percentage of Funds that underperformed the benchmark

Category	Benchmark Index	1 Year	3 Year	5 Year
Large Cap	S&P CNX Nifty	60.61	60.00	65.00
Diversified	S&P CNX 500	53.62	51.28	55.71
ELSS	S&P CNX 500	37.84	56.67	65.38

Source: Fourth Edition of the S&P CRISIL SPIVA, Indices Versus Active Funds Scorecard, India, June 2011

Why ETFs ?

Advantages over Actively Managed Mutual Funds

- **Passive investing:** Eliminates the risk of stock or sector selection investment style and Fund Manager's discretion.
- **Low Cost:** Expense ratio of actively-managed mutual funds is as high as 2.00% p.a. ETF expense ratios are typically in the 0.25% - 0.75% p.a. range.
- **No minimum investments:** Mutual Funds may often have minimum investments of Rs 5,000 or more, ETFs can be bought or sold in as little as one-share increments.
- **Trading Flexibility:** Mutual funds are only priced once a day, at the close of the market. ETFs however are priced throughout the day and can be bought and sold on the exchange.
- **No style drift:** The Scheme invests exactly as per the index constitution, and sticks to the mandate.

ETF Advantages

Advantages over Index Futures

- **Lot size:** ETFs can be bought and sold even as single units, whereas Index Futures are in specific lot sizes
- **Long Term Horizons:** Unlike ETFs, Index Futures need to be rolled over every month or quarter - which carries its own risks and costs
- **Taxation:** Index Futures allow investors only short-term capital gains: while with ETFs, investors can take advantage of long-term capital gains.
- **Premium and Discounts:** Premiums and discounts tend to be higher in Futures than in ETFs.

Highlights of the Scheme

- **Name:** IIFL Nifty ETF .
- **Type:** An Open ended Index Exchange Traded Fund.
- **Investments:** The Scheme will invest in the securities which are constituents of the S&P CNX Nifty Index, in the same proportion as the Index.
- **Objective:** The investment objective of the scheme is to provide returns (before fees and expenses) that closely correspond to the total return of the S&P CNX Nifty Index, subject to tracking errors.
- However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.
- **Benchmark:** S&P CNX Nifty Index.
- **Asset Allocation:** Stocks comprising S&P CNX Nifty Index: 95%-100%, Debt and Money Market Instruments: 0%-5%.
- **Sustainability:** This will establish that the market as a whole is more efficient than the individuals who are a part of it. That is why, it is difficult to outperform the market. Consequently the ever-growing belief in investing in mutual fund schemes that follow a passive investment strategy.
- **Expenses:** 0.25% p.a.

- **Fund Manager:** Mr. Manish Bandi, aged 33 years, is a Science graduate and a Chartered Accountant with 11 years of experience in the financial services industry.

About the S&P CNX Nifty

Index Service Provider

- S&P CNX Nifty is owned and managed by India Index Services and Products Ltd. (IISL)
- IISL is a joint venture between the NSE and CRISIL.

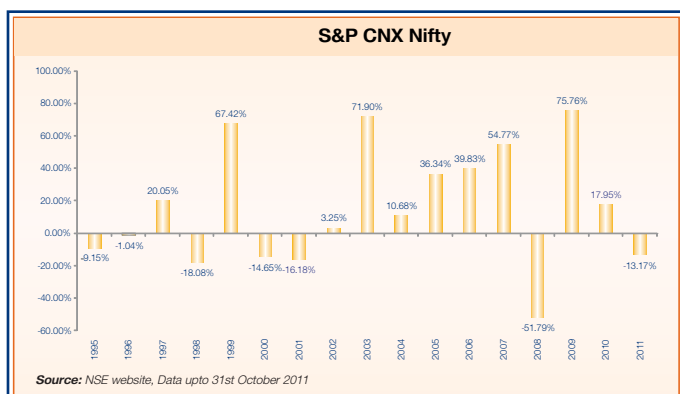
About the Index

- S&P CNX Nifty is a well-diversified 50 stock index accounting for 24 sectors of the economy and represents 63.94% of the total free float market capitalization of the universe of stocks traded on the NSE as on June 30, 2011.

S&P CNX Nifty is computed using the free float market capitalization method.

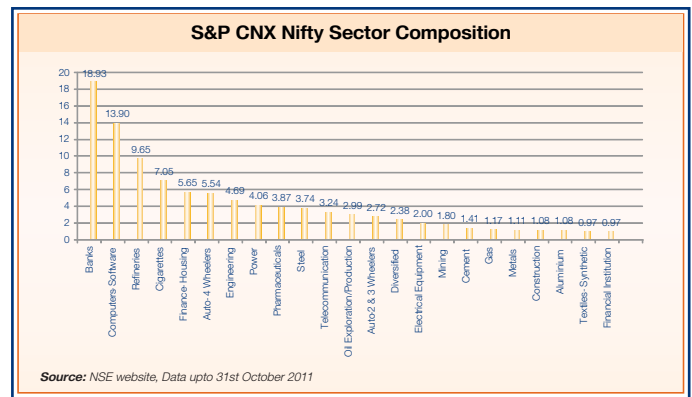
- Source: – NSE website and IISL Fact sheet as on 30th June 2011

Annual Performance



Scheme Name: IIFL Nifty ETF. **Classification:** Open-ended Index Exchange Traded Fund
Investment Objective: To provide returns (before fees and expenses) that closely correspond to the total return of the S&P CNX Nifty Index, subject to tracking errors. **Asset Allocation:** Stocks comprising S&P CNX Nifty Index: 95% - 100%; Debt and money market instruments: 0% - 5%; **Load (Entry/Exit)** - Nil. For exception refer SID. **Minimum investment:** During NFO, Rs. 5,000/- and in multiples of Re. 1/- thereof. Dematerialization: Compulsory. **Terms of issue & mode of sale and redemption of units:** Units issued can be bought / sold on an ongoing basis on the NSE in round lot of 1 unit. The authorized participant/large investor can subscribe/redeem the units of the Scheme directly with the Mutual Fund only in creation unit size (5,000 units) and in multiples thereof. **Option:** Growth Plan only. **Investor Benefits and General Services offered:** NAV will be calculated and disclosed on all business days.
Risk Factors: All Mutual Funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved. As in any other investment in securities, NAV of units issued under the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsor/AMC/Mutual Fund and its affiliates does not indicate the future performance of the Scheme. The AMC has no previous experience in managing a Mutual Fund. The present Scheme is not a guaranteed or assured return Scheme. **IIFL NIFTY ETF is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme, its future prospects or returns.** Scheme Specific Risk Factors: Investment in the scheme shall be subject to various other risk factors including but not limited to risk associated with investment in Equities, Debt and money market instruments, derivatives, etc. For detailed risk factors please refer the SID. **IISL Disclaimer:** The Scheme is not sponsored, endorsed, sold or promoted by IISL or S&P and its affiliates. Neither IISL nor S&P and its affiliates makes any representation or warranty, express or implied to the owners of "IIFL Nifty ETF" or any member of the public regarding the advisability of investing in securities generally or in "IIFL Nifty ETF" or particularly in the ability of the S&P CNX Nifty Index to track general stock market performance in India. Read the full Disclaimers of IISL in the SID. **NSE Disclaimer:** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the SID. Refer SID for the full text of the Disclaimer of

Sector Composition



Scheme Details

Plans / Options offered	Growth option only
Ongoing subscription/redemptions	On exchange in lot of 1 unit and directly with Mutual Fund only in multiple of creation unit size (i.e. 5000 unit)
Exchange (Listed)	NSE
NSE Symbol	IIFLNIFTY
ISIN No.	INF579M01019
Bloomberg Ticker	IIFLNFT IS Equity
Reuters code	IITF.NS
Load Structure	Entry Load: Nil; Exit Load: Nil
Indicative real time NAV	www.iifmf.com
Scheme Information Documents(SID), Scheme Additional Information (SAI) , Current NAV and historical NAV and other product related information	www.iifmf.com,
Dematerialization	The units of the Scheme are available only in the Dematerialized (electronic) mode.

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