

# **Motilal Oswal S&P 500 Index Fund**

**(An open ended scheme replicating / tracking S&P 500 Index)**

**Gateway to invest in world's  
one of the most popular index**

# Product Suitability

This product is suitable for investors who are seeking\*

- Return that corresponds to the performance of S&P 500 Index subject to tracking error
- Investment equity securities covered by S&P 500 Index



# Unique Combination

Country	2019 GDP (\$ trillion)	% of World GDP	Rank by GDP	10 Year GDP Growth Rate (2009-2019)
USA	21.4	25.6%	1	4.0%
India	2.8	3.4%	5	8.5%
World	83.6	--	--	--
USA + India	23.2	29.0%		

**World's Largest GDP + World's Fastest Growing GDP**

- Investing in USA and India offers an opportunity to invest in world's largest GDP (i.e. USA) and world's fastest growth GDP (i.e. India).
- The combined exposure is 29% of global GDP

Source: Factset; Data as of 30-Sep-2020 The information / data herein alone is not sufficient and shouldn't be used for implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions, figures, estimates and data included in this article are as on date. The article 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 statements contained herein may include statements of Readers shall be fully responsible/liable for any decision taken on the basis of this article.

# Fun Facts



Bluest of Blue Chips

Leading 500  
companies in  
US



ECONOMY

Gauge of Economy

One of the  
factors used in  
the forecast of  
economic  
direction



Largest Index AUM

Top 4 passive  
funds by AUM  
world wide  
tracks S&P 500  
Index



One of the Preferred Mode

Investors like  
Warren Buffett,  
Burton Malkiel  
& John Bogle  
recommend  
S&P 500 index  
fund

Source; Marketwatch.com, ETFDB.com, conference-board.org

# — About: S&P 500 index

One of the premier benchmarks for the U.S. stock market's performance.

# Introduction: S&P 500 Index



The **S&P 500® index** is widely regarded as the best single gauge of large-cap U.S. equities. The index is designed to measure the performance of leading 500 companies listed in United States and covers approximately 80% of available market capitalization.

## Attributes –

- **Very long track record** of over 63 years
- **World's one of the most popular and tracked index**; S&P 500 Index has largest asset tracked/benchmarked globally
- **Pure large caps** exposure
- **Global Exposure** - ~40% of the sales of S&P 500 constituents reported from foreign countries
- **Dollar hedge** for Indian investors
- **Very low correlation** with Indian equity market

Source: S&P Dow Jones Indices; FactSet- Global Sales data as on Dec 31, 2020

# S&P 500 Methodology Snapshot

## Universe

- All constituents must be US companies

## Minimum Market Capitalization:

- Total Market Capitalization USD 8.2 Billion  
Free Float Market Capitalization USD 4.1 Billion

## Profitability:

- Positive reported earning in recent quarter

## Liquidity

- Turnover Ratio > 1 and  
• Number of stock traded > 250000 over last 6 months

## Weighting:

- Free Float Mcap Weighted

## Rebalancing:

- Rebalancing – Quarterly;  
Reconstitution – As-needed basis

Source: <https://us.spindices.com/indices/equity/sp-500>. Methodology as of 31-Dec-2020; for detailed index methodology please log on to source website.

# Global Brands in S&P 500

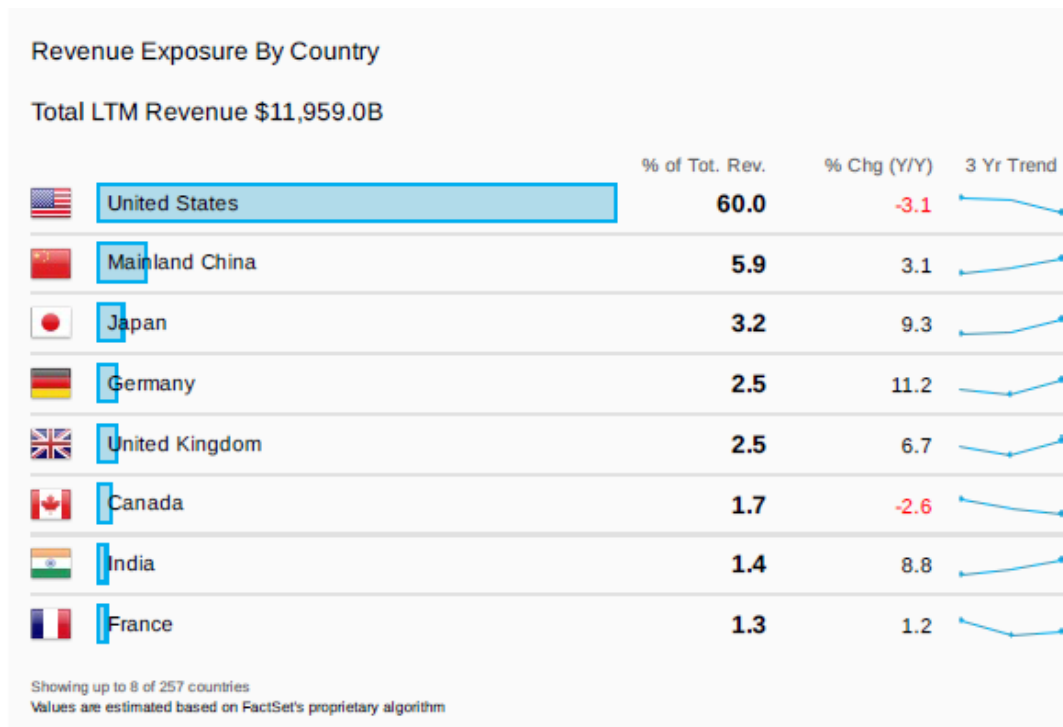


Source: <https://us.spindices.com/indices/equity/sp-500>; Data as of 31-Dec-2020; The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future. The sector mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact.



# Global Exposure in terms of Sales

Historically, a large portion of revenue of S&P 500 constituents' was from foreign countries.



Source: FactSet; As of 31-Dec-2020; The information / data herein alone is not sufficient and shouldn't be used for implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions, figures, estimates and data included in this article are as on date. The article 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 statements contained herein may include statements of Readers shall be fully responsible/liable for any decision taken on the basis of this article.

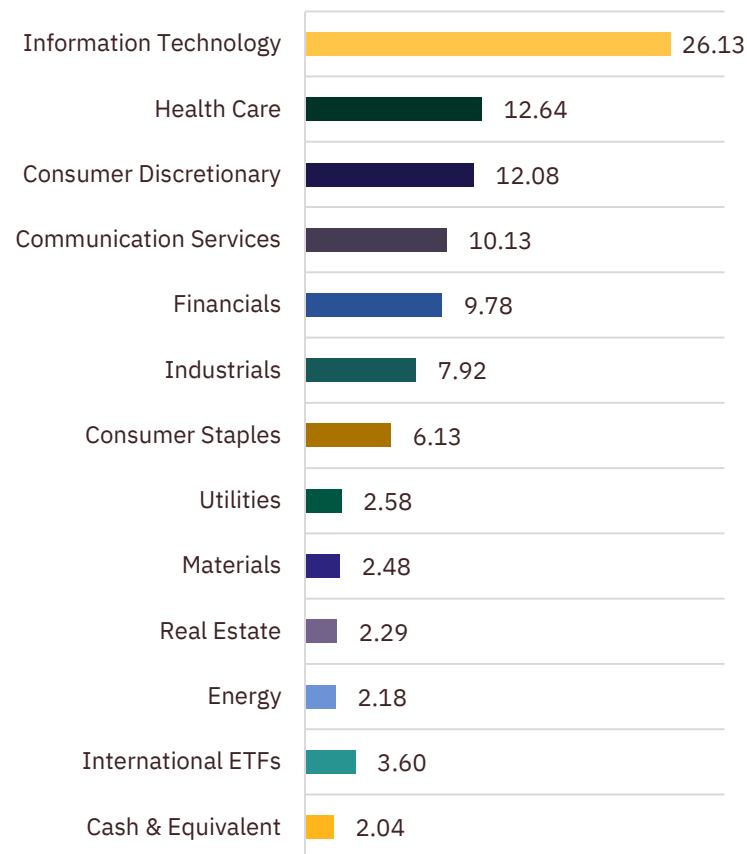
# Motilal Oswal S&P 500 Index Fund Composition



## Top 10 Constituents Weight (%) in Fund

Constituent Name	Weight	GICS Sector
Apple Inc.	6.41%	Information Technology
Microsoft Corp	5.03%	Information Technology
Amazon Com Inc	4.20%	Consumer Discretionary
Facebook Inc	1.96%	Communication Services
Tesla Inc	1.58%	Consumer Discretionary
Alphabet Inc A	1.57%	Communication Services
Alphabet Inc	1.51%	Communication Services
Berkshire Hathaway Inc	1.34%	Financials
Johnson & Johnson	1.23%	Health Care
Jp Morgan Chase & Co	1.15%	Financials
<b>Total</b>	<b>26.0%</b>	<b>--</b>

## GICS Sector Coverage (%)



Source/Disclaimer: MOAMC; Data as of 31-Dec-2020; Sectors - Global Industry Classification Standard (GICS) by MSCI & S&P Dow Jones Indices; the stocks/sectors mentioned above are used to explain the concept and is for illustration purpose only and it should not be used for development or implementation of an investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/schemes. Past performance may or may not be sustained in future.

# — Why S&P 500 Index

# Low Correlation, offers diversification

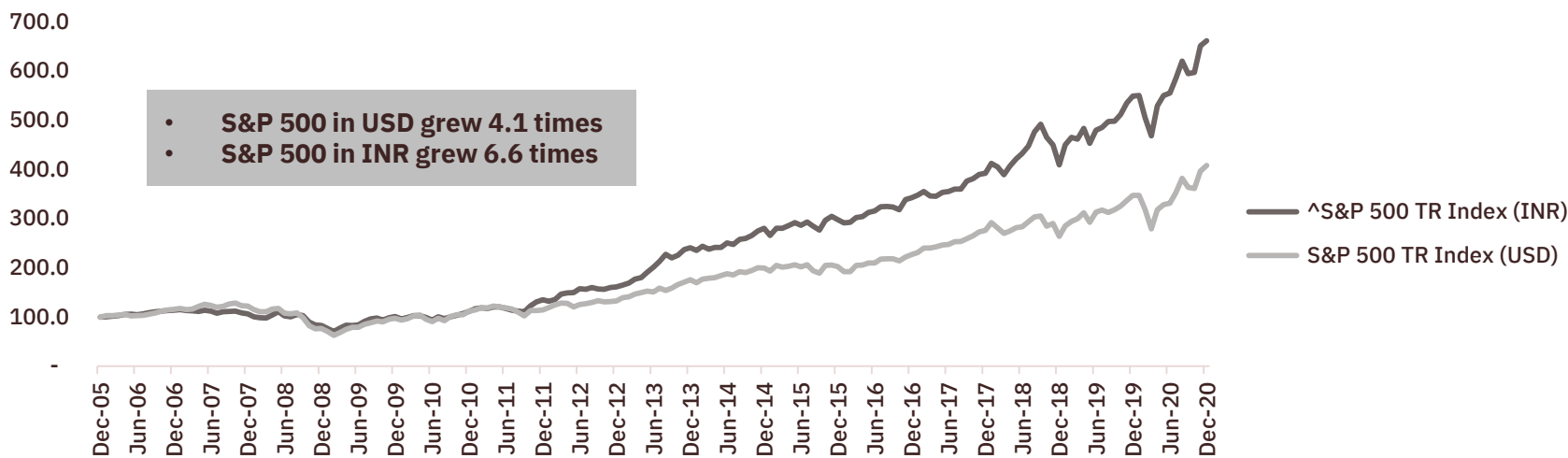


- Lower correlation offers opportunity for diversification.
- Combining assets that are less/not correlated helps reduce portfolio volatility, thereby improving risk adjusted returns

	Nifty 50 TR Index (INR)	Nifty 500 TR Index (INR)	^S&P 500 TR Index (INR)	^NASDAQ 100 TR Index (INR)
Nifty 50 TR Index (INR)	1	0.9851	0.2446	0.1918
Nifty 500 TR Index (INR)		1	0.2298	0.1830
^S&P 500 TR Index (INR)			1	0.4840
^NASDAQ 100 TR Index (INR)				1

Data Source: Bloomberg, RBI, Thomson Reuters, niftyindices.com. MOAMC. Correlation of daily total returns as of Close of Dec 31, 2005 to Dec 31, 2020. ^ denotes the index currency conversion. NASDAQ 100 Index and S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future.

# Dollar Hedge



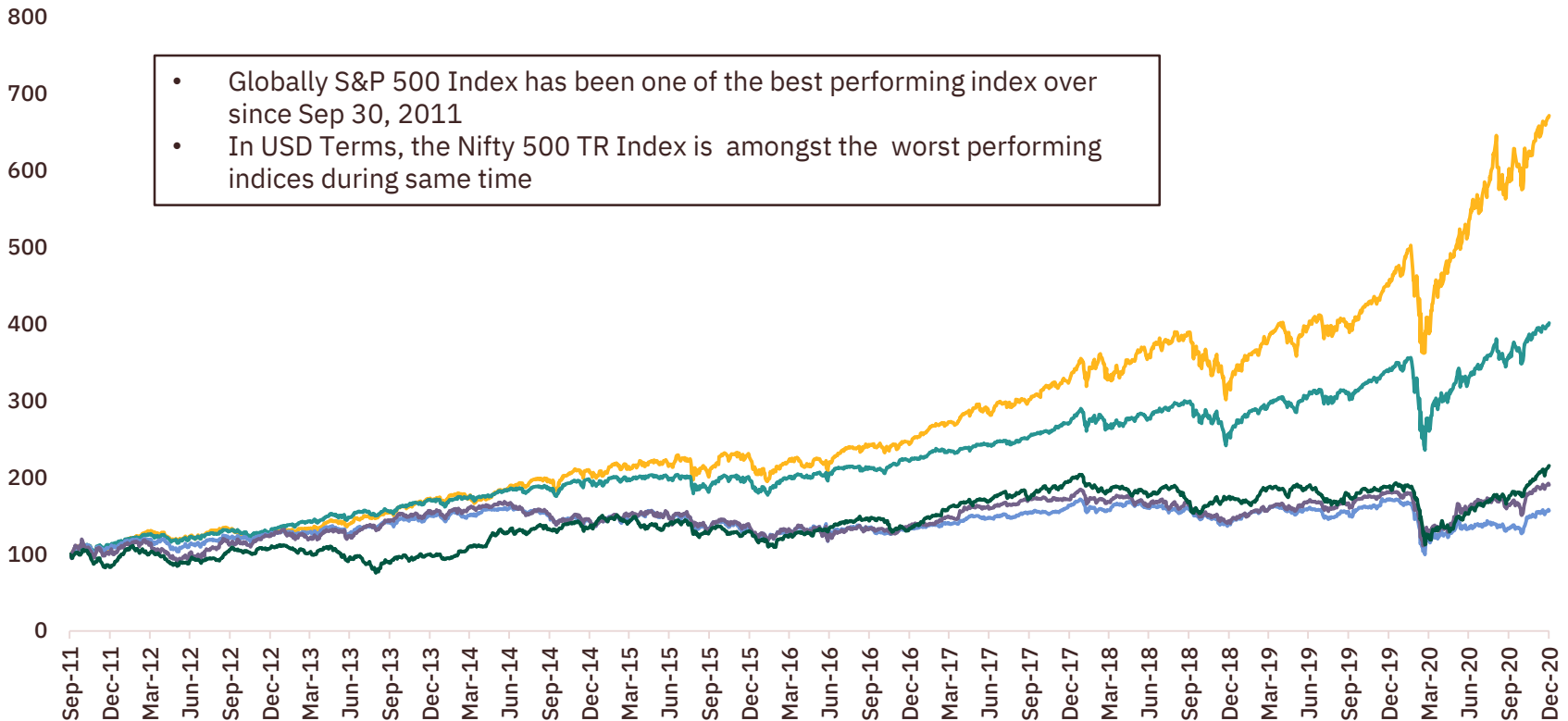
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
S&P 500 TR Index (USD)	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	17.63%
^S&P 500 TR Index (INR)	21.16%	19.52%	49.60%	16.37%	6.23%	14.81%	14.66%	4.33%	34.13%	20.49%
Difference	19.05%	3.51%	17.21%	2.68%	4.85%	2.85%	-7.17%	8.71%	2.64%	2.9%
INR-USD	18.66%	3.03%	13.00%	2.36%	4.78%	2.54%	-5.89%	9.11%	2.01%	2.65%

Data Source: S&P Dow Jones and MOAMC, Index Values – [www.niftyindices.com/Bloomberg](http://www.niftyindices.com/Bloomberg), Forex Rate - RBI/Thomson Reuters. Performance as of Close of Dec 31, 2005 to Dec 31, 2020. ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

# — Performance : S&P 500 Index

# International Indices: Historical Performance (USD)

— Nasdaq 100 TR Index USD   
 — S&P 500 TR Index USD   
 — ^ FTSE TR Index USD  
— ^ Euro Stoxx TR Index USD   
 — ^ Nifty 500 TR Index USD



Data Source: Bloomberg; Performance in USD as of Close of Sep 30, 2011 – Dec 31, 2020. ^ denotes currency converted to USD. Month end index values. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# International Indices: Risk Returns Profile (USD)

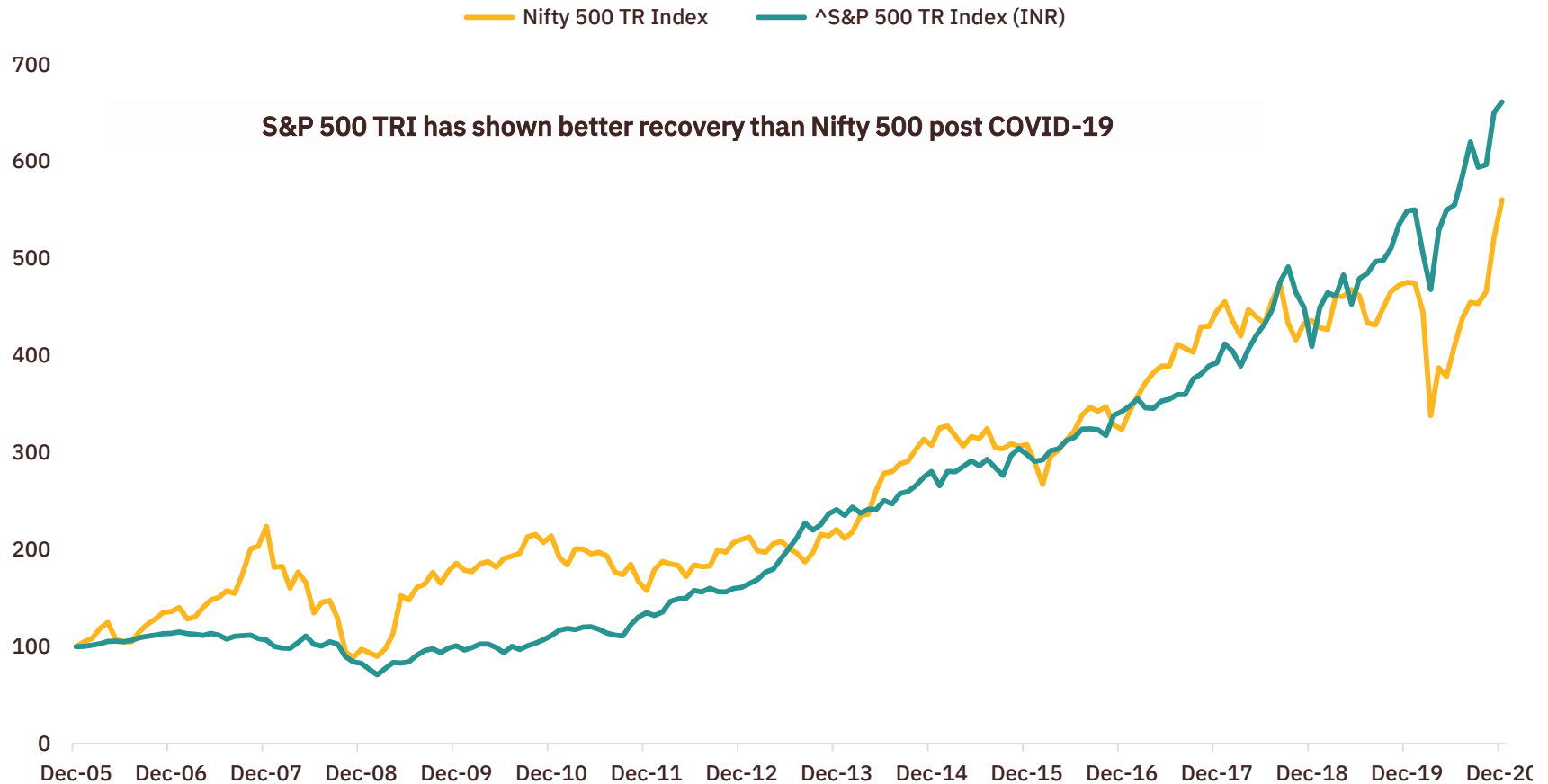


	Period	Nasdaq 100 TR Index USD	S&P 500 TR Index USD	^ FTSE TR Index USD	^ Euro Stoxx TR Index USD	^ Nifty 500 TR Index USD
Annualized Returns	1 year	48.9%	18.4%	-8.8%	5.4%	15.1%
	3 year	27.6%	14.2%	-1.5%	3.5%	3.3%
	5 year	24.3%	15.2%	3.2%	6.8%	10.6%
	7 year	21.4%	12.9%	0.5%	2.8%	11.6%
	9 year	22.7%	15.3%	4.1%	7.1%	11.1%
Annualized Volatility	1 year	36.3%	34.1%	33.3%	33.1%	29.1%
	3 year	26.4%	23.2%	22.2%	22.4%	20.6%
	5 year	22.2%	19.1%	20.7%	20.5%	18.2%
	7 year	20.5%	17.6%	19.3%	20.0%	17.6%
	9 year	19.2%	16.4%	18.5%	20.6%	18.0%
Risk Adjusted Returns	1 year	1.347	0.540	-0.263	0.163	0.518
	3 year	1.044	0.612	-0.067	0.158	0.161
	5 year	1.095	0.797	0.153	0.332	0.580
	7 year	1.043	0.734	0.025	0.140	0.657
	9 year	1.183	0.929	0.222	0.344	0.619

Data Source: Bloomberg; Performance in USD as of Close of Dec 31, 2011 – Dec 31, 2020; ^ denotes currency converted to USD. Annualized Volatility calculated using monthly returns. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

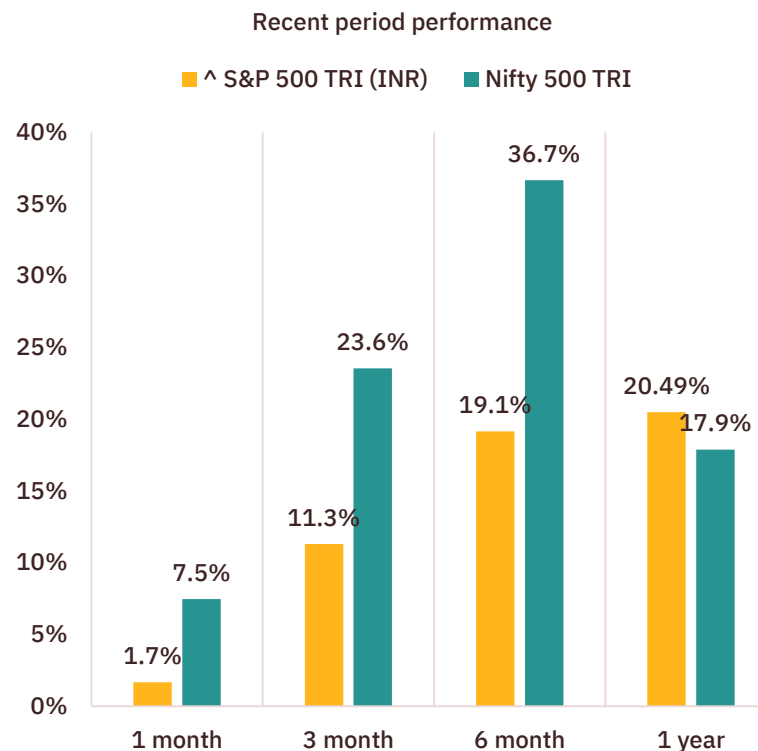
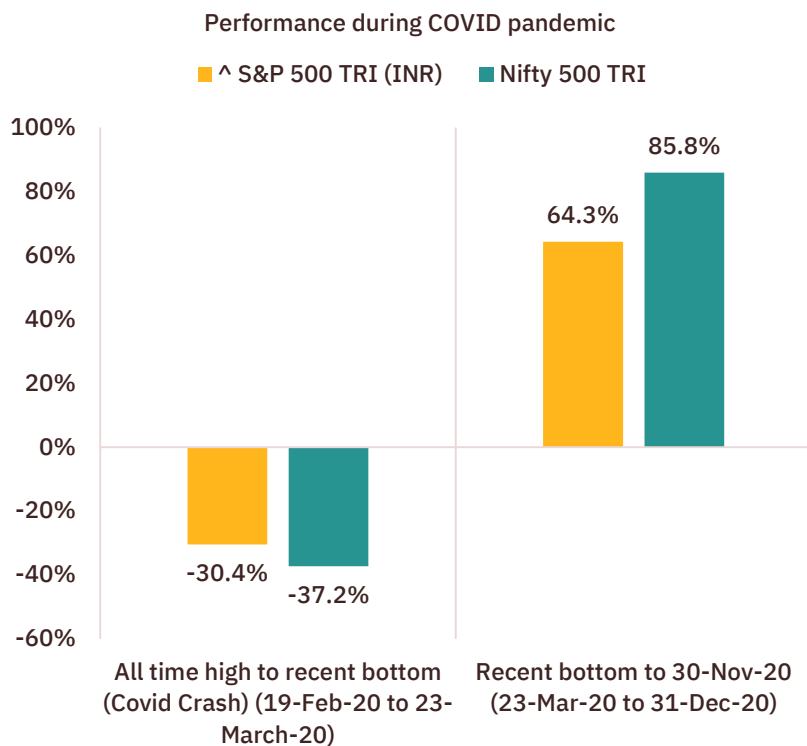


# Historical Performance



Data Source: MOAMC, Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; Performance as of Close of Dec 31, 2005 to Dec 31, 2020; ^ denotes the index currency conversion. Monthly index values. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Recent Performance: Absolute Returns



Data Source: Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; Performance as of Close of 31-Dec-2019 to 31-Dec-2020; ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Risk Return Profile (INR)



Data Label		1 year	3 year	5 year	7 year	10 year	15 year
Nifty 50 TR Index (INR)		16.1%	11.3%	13.4%	13.4%	9.9%	12.6%
Nifty 500 TR Index (INR)	CAGR	17.9%	7.9%	12.7%	14.2%	10.1%	12.2%
^S&P 500 TR Index (INR)		20.5%	19.0%	17.3%	15.5%	19.5%	13.4%
Nifty 50 TR Index (INR)		31.1%	21.1%	18.1%	17.2%	17.5%	22.8%
Nifty 500 TR Index (INR)	Annualised Volatility	29.3%	20.3%	17.7%	16.9%	17.0%	22.0%
^S&P 500 TR Index (INR)		34.9%	23.9%	19.8%	18.5%	18.7%	21.1%
Nifty 50 TR Index (INR)		0.519	0.536	0.739	0.782	0.566	0.551
Nifty 500 TR Index (INR)	Risk Adjusted Returns	0.610	0.391	0.719	0.842	0.593	0.553
^S&P 500 TR Index (INR)		0.588	0.796	0.874	0.839	1.045	0.637

Data Source: Index Values - [www.niftyindices.com/Bloomberg](http://www.niftyindices.com/Bloomberg), Forex Rate - RBI/Thomson Reuter and MOAMC; Performance as of Close of Dec 31, 2005 – Dec 31, 2020. ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above table/graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

# SIP Return



^S&P 500 TRI (INR)	1 Year	3 Year	5 Year	7 year	10 Year
Returns	36.11%	21.66%	19.27%	17.48%	18.58%
Amount Invested	1,20,000	3,60,000	6,00,000	8,40,000	12,00,000
Market Value	1,42,271	4,94,105	9,69,811	15,66,738	31,91,078

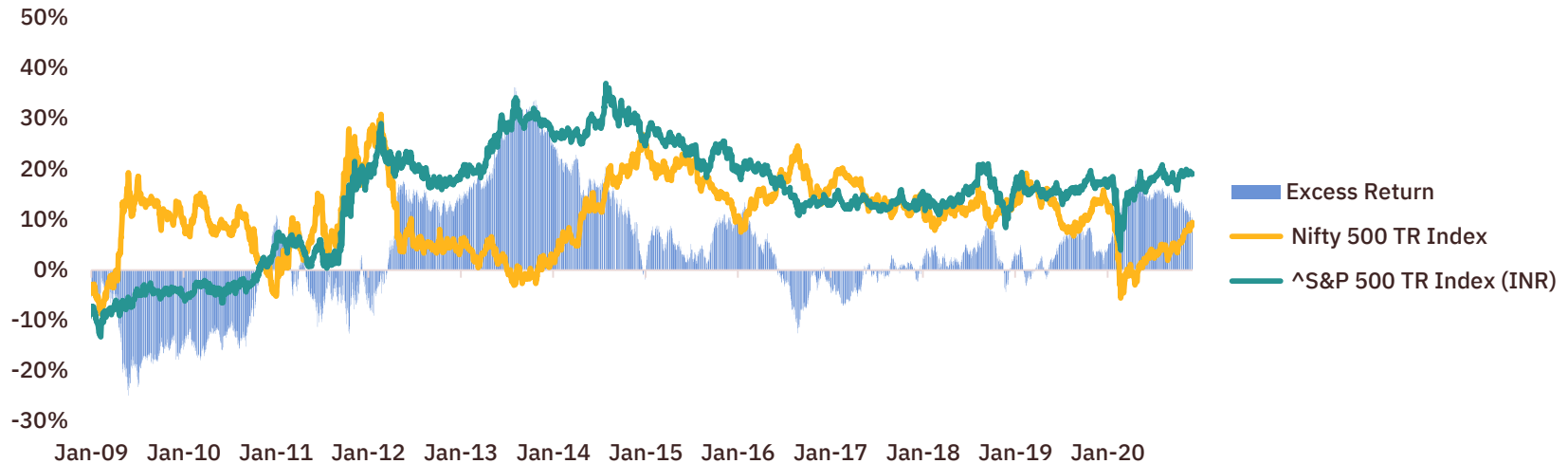
Nifty 500 TRI	1 Year	3 Year	5 Year	7 year	10 Year
Returns	61.53%	16.51%	13.72%	12.72%	13.05%
Amount Invested	1,20,000	3,60,000	6,00,000	8,40,000	12,00,000
Market Value	1,56,915	4,59,642	8,46,265	13,21,890	23,70,691

Data as of close of December 31, 2020. For SIP returns, monthly investment of INR 10,000/- invested on the first business day of every month has been considered. Performance is calculated using Total Return Index, with zero cost/expenses. Past performance may or may not be sustained in the future

Data Source: Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; Performance as of Close of Dec 31, 2010 – Dec 31, 2020; ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. The above table is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. The SIP amount, tenure of SIP, expected rate of return are assumed figures for the purpose of explaining the concept of advantages of SIP investments. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner. Past performance may or may not be sustained in future.

# 3 Year Rolling CAGR

Chart Title

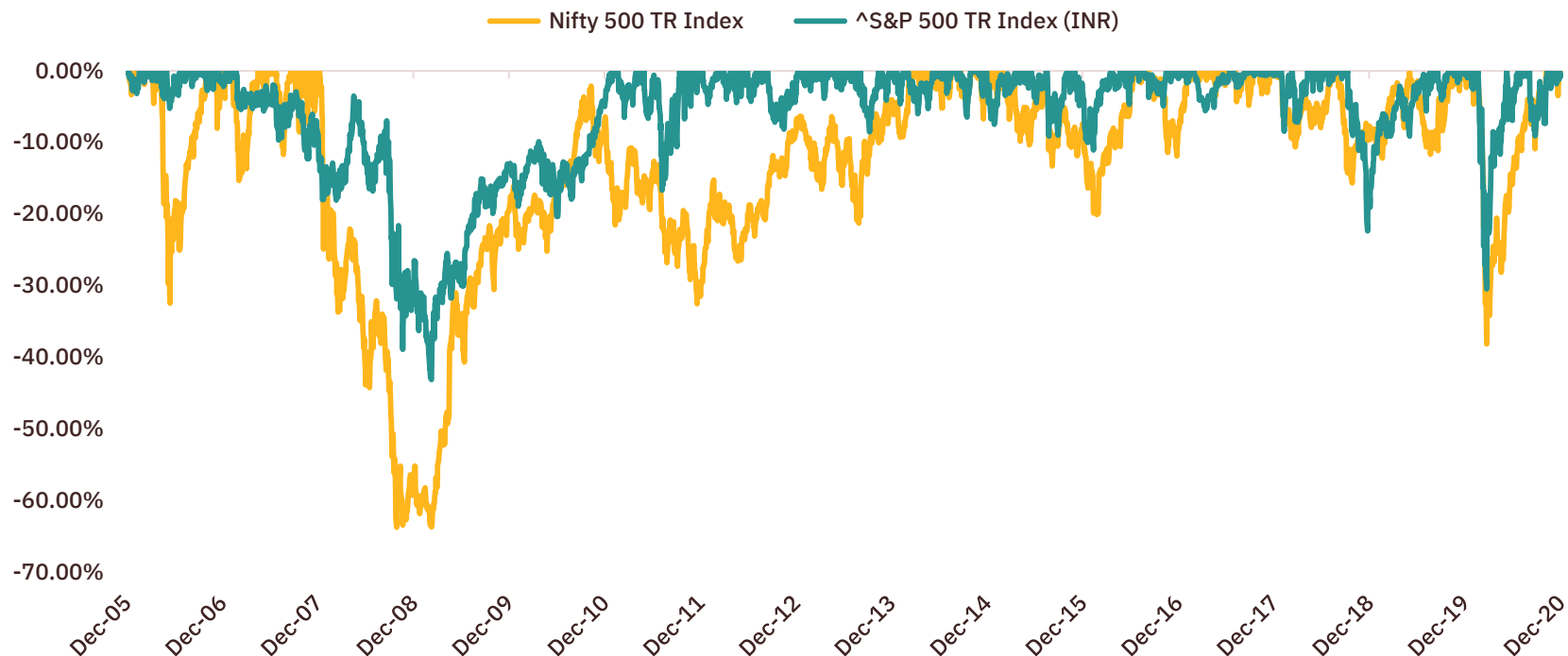


3 Year Rolling Returns	~S&P 500 TRI (INR)	Nifty 500 TRI
Average	14.5%	10.7%
Median	16.3%	11.5%
Min	-13.3%	-8.7%
Max	37.0%	30.9%

**After initial underperformance S&P 500 TR Index in INR noted consistent excess returns over Nifty 500 TR Index over last 9 years**

Data Source: Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; 250 trading days in a year assumed to calculate rolling returns. Chart using monthly 3 year rolling returns. Performance as of Close of Dec 31, 2005 – Dec 31, 2020; ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Indices: Drawdown Analysis

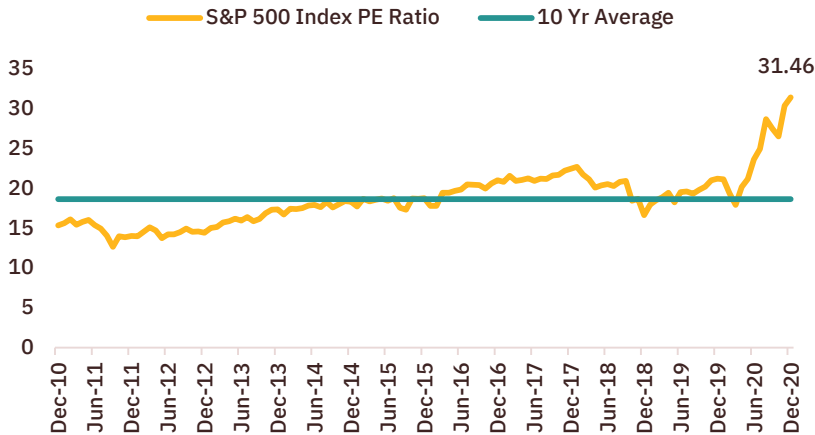


	Nifty 500 TRI	~S&P 500 TRI (INR)
Maximum Drawdown During Financial Crisis	-64%	-43%
Drawdown Date	27-Oct-08	09-Mar-09

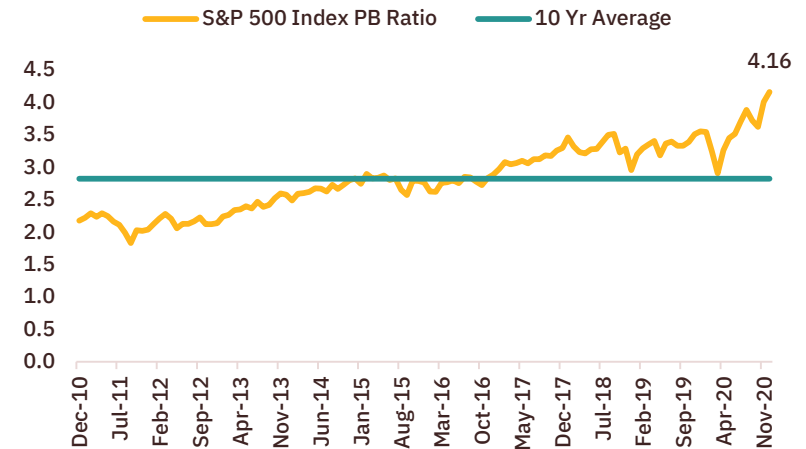
Data Source: RBI, Bloomberg and niftyindices.com; ^Denotes Values converted in INR using RBI forex rates, Month-end Drawdown Chart. Performance Data from Dec 31, 2005 – Dec 31, 2020. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Hypothetical performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve, performance similar to that shown. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Valuation Multiples

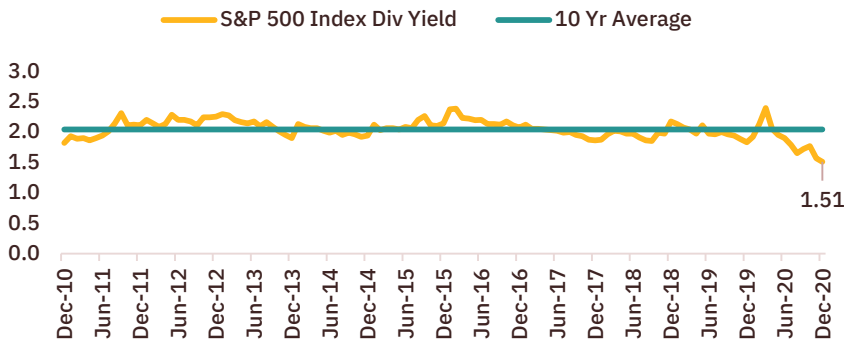
Price to Earnings Ratio



Price to Book Ratio



Dividend Yield



After current recovery post Covid 19 crash, PE and PB ratio are above 10 year average, where as Div Yield fallen below 10 year average

Data Source: Bloomberg (since inception upto July 31, 2020), Factset (since July 31,2020 onwards) ; Data from Dec 31, 2010 to Dec 31, 2020; The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# S&P 500 Index in your portfolio: Historical performance



# Hypothetical Portfolio Allocations



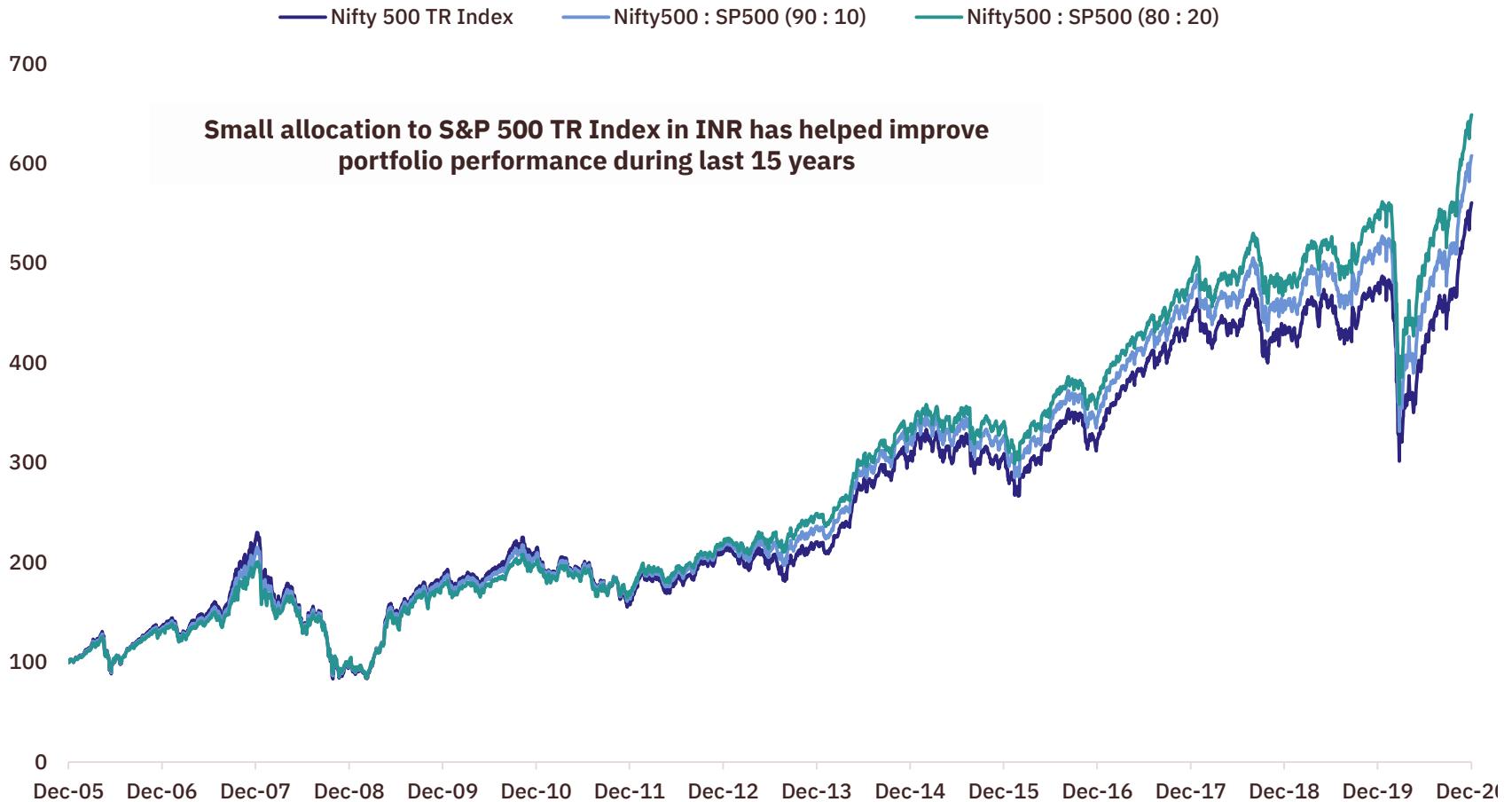
## Hypothetical Allocations to International Equity -

#	Portfolio Name	Nifty 500 TRI	^S&P 500 TRI (INR)
1.	Core Equity	100%	0
2.	Core Equity+ (90:10)	90%	10%
3.	Core Equity++ (80:20)	80%	20%

Correlation (15 Year)	^S&P 500 TRI (INR)
Nifty 500 TRI (INR)	0.2298

Data Source: Bloomberg, RBI, Thomson Reuters, MOAMC. Correlation of daily total returns as of Close of Dec 31, 2005 to Dec 31, 2020. ^ denotes the index currency conversion. S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above table is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future

# S&P 500 Allocation – Performance



Data Source: Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; Performance as of Close of Dec 31, 2005 – Dec 31, 2020; S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Asset Allocation - Risk-Return Profile (INR)

	Data Label	Core Only (Nifty 500 TRI)	Core + (90:10)	Core ++ (80:20)
Annualised Returns	3 year	7.9%	9.07%	10.21%
	5 year	12.7%	13.26%	13.78%
	7 year	14.2%	14.46%	14.66%
	10 year	10.1%	11.28%	12.40%
	15 year	12.2%	12.79%	13.28%
	20 year	15.3%	15.24%	15.06%
Annualised Volatility	3 year	20.3%	19.11%	18.35%
	5 year	17.7%	16.60%	15.83%
	7 year	16.9%	15.84%	15.05%
	10 year	17.0%	15.80%	14.93%
	15 year	22.0%	20.29%	18.95%
	20 year	22.1%	20.35%	18.86%
Risk Adjusted Returns	3 year	0.392	0.475	0.556
	5 year	0.720	0.798	0.870
	7 year	0.844	0.913	0.974
	10 year	0.595	0.714	0.831
	15 year	0.554	0.630	0.701
	20 year	0.691	0.749	0.798

Data Source: Bloomberg, FBIL/RBI/Thomson Reuter and MOAMC; Performance as of Close of Dec 31, 2000 – Dec 31, 2020; S&P 500 Index values are adjusted for one day lag movement due to different time zone. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Comparison with NASDAQ 100 Index



CRITERIA	S&P 500 INDEX	NASDAQ 100 INDEX
<b>Theme</b>	Broad Market	Technology Heavy
<b>Eligible Stock Exchange</b>	Various stock exchanges including NASDAQ	Stocks listed only on NASDAQ
<b>US Mcap Coverage</b>	~80.78%	~35.51%
<b>Number of Companies</b>	500	100
<b># of Common Stocks</b>	81	81
<b>Weight of Common Stocks</b>	41.0%	92.1%
<b>Sectors</b>	All 11 GICS <sup>\$</sup> Sectors Covered	Represents 7 GICS <sup>\$</sup> sectors out of 11 sectors
<b>Largest Sector (weight)</b>	Information Technology (27.61%)	Information Technology (47.9%)

www.spindices.com ; [www.indexes.nasdaqomx.com/](http://www.indexes.nasdaqomx.com/); ~ denotes approximate numbers. # Data as of 31-Dec-2020. \$ <https://www.msci.com/gics>. The table above may have inherent limitations and no representation is being made that any investor will, or is likely to achieve, results similar to that shown in future

# — Motilal Oswal S&P 500 Index Fund

# About Motilal Oswal S&P 500 Index Fund



## Investment Objective.

The Scheme seeks investment total return that corresponds (before fees and expenses) generally to the performance of the S&P 500 Index, subject to tracking error\*. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

## Key Facts:

**Benchmark** – S&P 500 TR Index

- **Fund Manager** – Mr. Herin Visaria and for Debt component - Mr. Abhiroop Mukherjee
- **Date of Inception/Allotment** – 28-Apr-2020
- **Total Expense Ratio** – Direct – 0.49%; Regular – 1.19% (including GST)
- **Asset Under Management** – INR 740.00 Crores (Dec 31, 2020)

- **Entry Load** – Nil
- **Exit Load** – 1% exit load for 15 days from the date of allotment
- **Category** – Index Funds

## Continuous Offer:

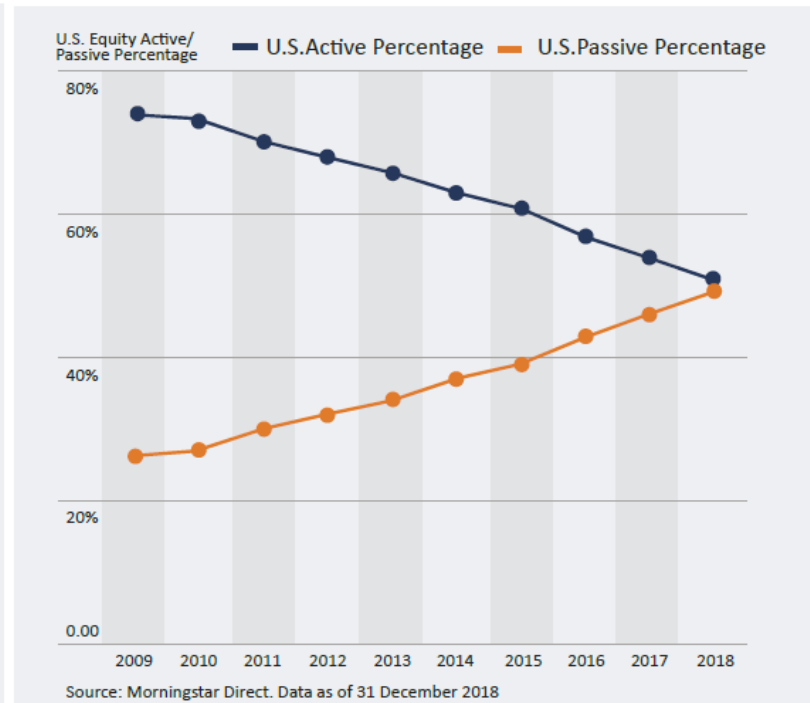
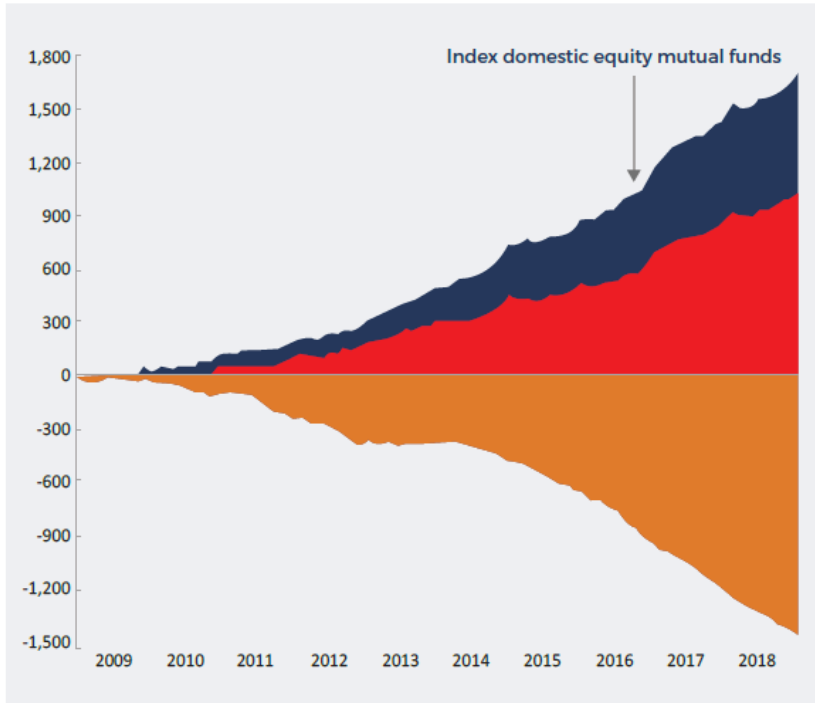
Minimum Application Amount : INR 500/- and in multiples of INR 1/- thereafter.

Additional Application Amount : INR 500/- and in multiples of INR 1/- thereafter.

Source: MOAMC; As of 31-Dec-2020, \* Tracking Error against S&P 500 Index (in INR using Thomson Reuter Forex Rate and one day lag in index value in line with NAV calculations)

# Active vs Passive

# US: Over Last 10 Year Passive Funds AUM gained market share (year 2018)



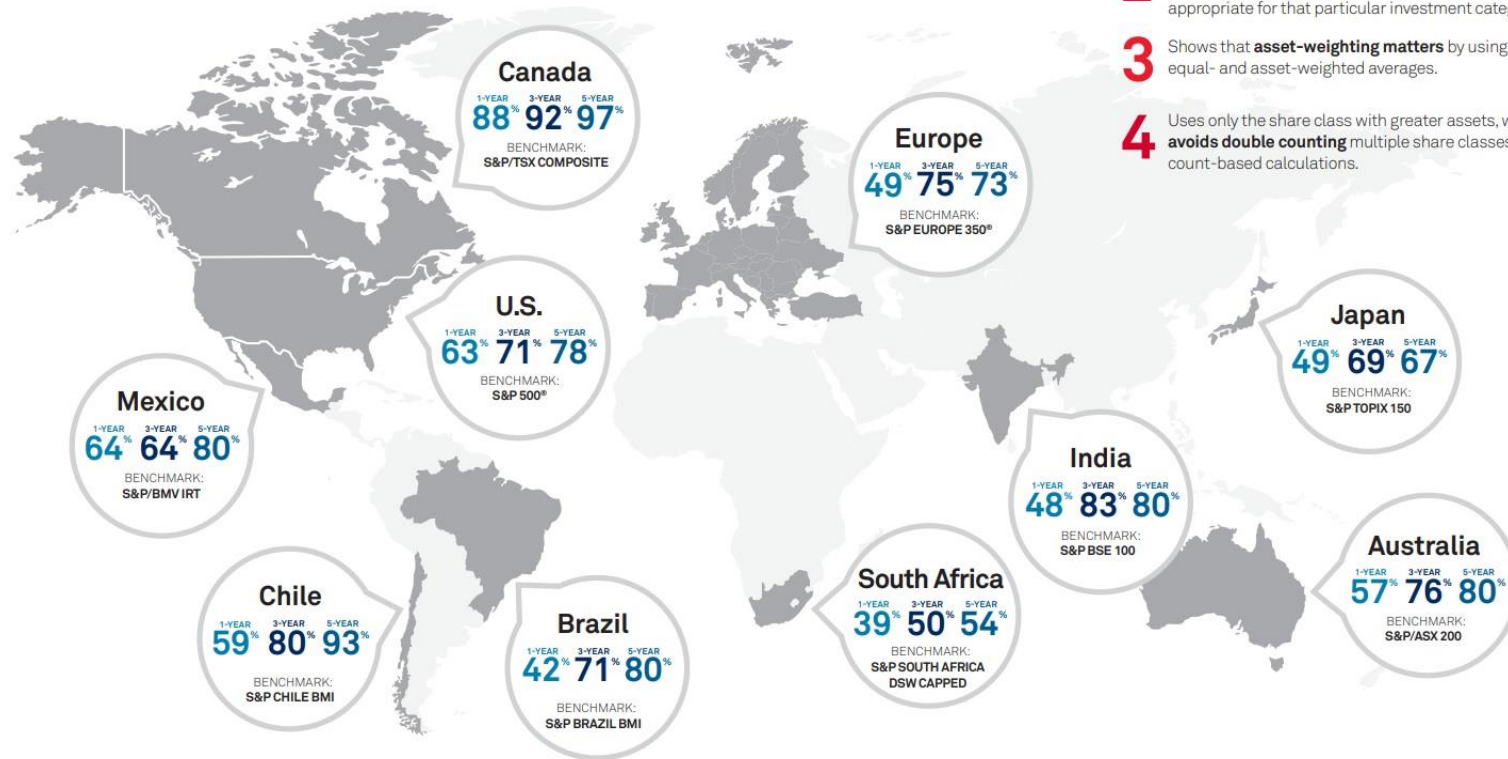
Data Source: Chart - Morningstar data as of Dec 2018; The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.



# Global: Active Passive Score Card

## SPIVA® Around the World

Percentage of active funds outperformed by benchmarks\* over 1-, 3-, and 5-year periods

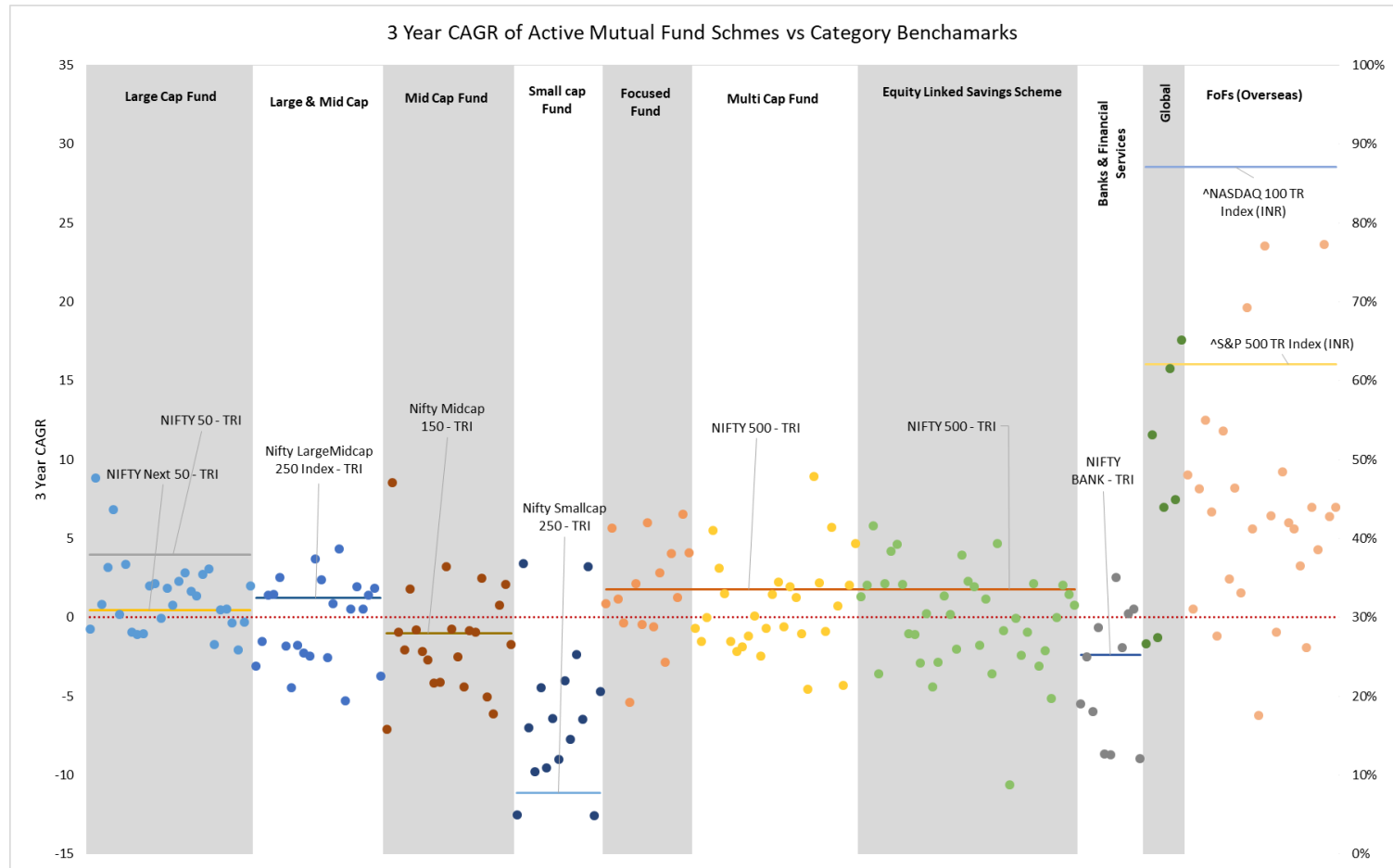


### The SPIVA Difference

- 1 Accounts for the entire opportunity set—not just the survivors—thereby **eliminating survivorship bias**.
- 2 Applies an **apples-to-apples comparison** by measuring a fund's returns against the returns of a benchmark appropriate for that particular investment category.
- 3 Shows that **asset-weighting matters** by using both equal- and asset-weighted averages.
- 4 Uses only the share class with greater assets, which **avoids double counting** multiple share classes in all count-based calculations.

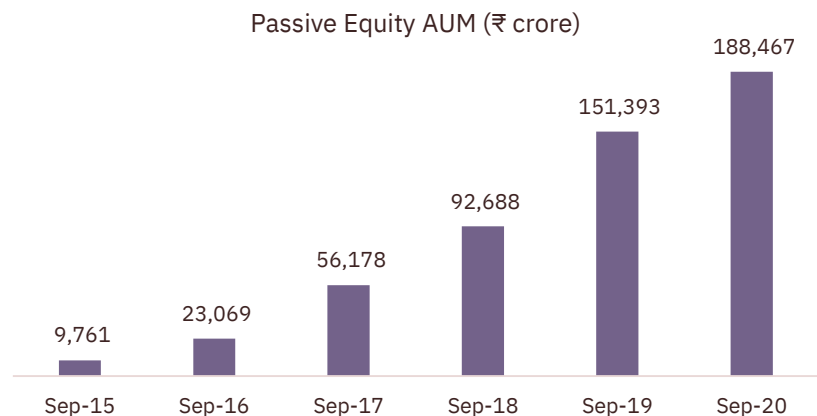
Source/Disclaimer: spdji.com/SPIVA; June 2020; Regional benchmarks included here are large-cap, with the exception of Brazil and Chile where SPIVA results displayed reflect regional broad market indices. Multiple benchmarks exist in all regions tracked by SPIVA. Visit [www.spdji.com/spiva](http://www.spdji.com/spiva) for more information.

# Performance of Active Schemes vs Category Benchmark



Data Source: ACE MF Next, MOAMC; 30-Jun-2020. The above graph is used to explain the concept and it may inherent limitations. It is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Growth of Passive Funds in India

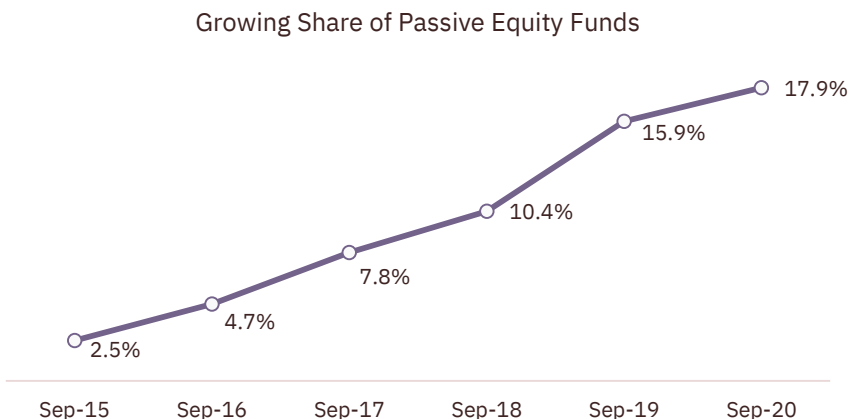


Retirement Funds are mandated to invest at least 15% of annual accretion in Equity ETFs/Index Funds for equity investments

Categorization and rationalization of Mutual Fund Schemes by SEBI

Benchmarking of funds moved from Price Return Index (PRI) to Total Return Index (TRI)

Challenges in generating alpha due to improving market efficiency.



Source/Disclaimer: AMFI, AceMF. All AUM data in INR. Data from 30-Sep-2015 to 30-Sep-2020. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Key Takeaway



Key factors to be considered for ideal asset allocation:

1. S&P 500 Index **includes the top 500 companies** in the United States covering all 11 GICS sectors making it a broad based diversified index.
2. **Motilal Oswal S&P 500 Index Fund** offers investors an opportunity to invest in global companies that are a part of S&P 500 Index. It aims to earn index returns subject to tracking error. Investors without a demat account can also invest in **Motilal Oswal S&P 500 Index Fund**.
3. Historically, S&P 500 Index had **relatively lower correlation** with Indian equity indices, thereby offering **diversification opportunity**.
4. Historically **S&P 500 Index in INR has noted higher returns as compared to S&P 500 Index in USD**, due to INR depreciation
5. Due to recovery post recent crash due to Covid-19 Pandemic, the current **valuation multiple are above historical averages**.

# Motilal Oswal Passive Fund Offerings



Managing over ₹5,500 crore across all our passive funds

One of the largest AMC in India in the International segment

Only AMC with funds across all major segments

International	MultiCap	Sectoral	SmallCap	MidCap	LargeCap	Debt
NASDAQ 100 FoF	Nifty 500 Fund	Nifty Bank Index Fund	Nifty Smallcap 250 Index Fund	Nifty Midcap 150 Index Fund	Nifty 50 Index Fund	5 Year G-Sec ETF
NASDAQ 100 ETF				Nifty Midcap 100 ETF	Nifty Next 50 Index Fund	
S&P 500 Index Fund					M50 ETF	

For more information please log in to [www.motilaloswalmf.com](http://www.motilaloswalmf.com) ;

# – Thank You

“Don’t look for the needle in the haystack. Just buy the haystack!”

- **John C. Bogle**

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# Annexures

# Profitability



All figures in %

	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Gross Margin	31.47	31.13	30.51	30.46	30.87	31.41	31.63	31.81	32.08	31.87	31.29
Operating Margin	13.45	13.94	13.83	13.60	14.54	14.04	13.58	14.04	14.54	14.08	12.11
Net Margin	8.88	9.36	9.46	9.59	10.16	9.56	9.35	9.82	10.72	10.54	8.82
Return on Equity	14.28	15.57	15.44	15.49	15.96	14.59	13.73	14.59	17.18	16.68	13.23

Data Source: Factset; Based on LTM which is derived from FactSet fundamentals monthly series .Data from Dec 2010 – Dec 2020; Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future.



# Valuation Multiples



	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Price/Earnings	15.32	12.94	13.99	17.36	17.50	18.82	21.04	22.69	17.57	21.62	31.46
Price/Book Value	2.19	2.01	2.16	2.69	2.79	2.75	2.89	3.30	3.02	3.61	4.16
EV/EBIT	12.38	10.86	11.78	14.81	14.95	16.49	18.35	19.72	16.68	20.69	28.79
EV/EBITDA	8.87	7.99	8.58	10.52	10.73	11.41	12.32	13.44	11.62	14.11	18.04
EV/Sales	1.64	1.49	1.59	1.93	2.05	2.14	2.34	2.62	2.29	2.77	3.41

Data Source: Factset; Based on LTM which is derived from FactSet fundamentals monthly series .Data from Dec 2010 – Dec 2020; Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future

# Estimates



	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021 E	CY 2022 E
Price/Earnings (x)	15.46	13.80	14.41	16.86	17.91	16.54	20.03	20.73	17.52	18.32	28.19	23.02	19.73
Price/Book Value (x)	2.27	2.20	2.30	2.65	2.89	2.67	3.14	3.42	3.36	3.34	4.27	4.00	3.67
Dividend Yield (%)	1.76	1.98	2.11	1.95	1.92	2.33	1.97	1.83	1.94	1.96	1.48	1.53	1.63
Enterprise Value/EBIT (x)	11.62	10.68	11.46	13.34	14.75	15.39	17.24	17.67	16.66	17.87	26.38	20.89	18.35
Enterprise Value/EBITDA (x)	8.68	8.05	8.53	10.02	10.71	10.38	12.04	12.61	12.00	12.57	17.42	14.98	13.48
Enterprise Value/Sales (x)	1.67	1.55	1.66	1.92	2.09	2.08	2.41	2.58	2.48	2.58	3.45	3.17	2.96

Data Source: Factset; Data as on 31-Dec-2020; Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future.

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### **Currency Risk:**

The fund may invest in overseas mutual fund / foreign securities as permitted by the concerned regulatory authorities in India. Since the assets will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuations in the value of the foreign currencies relative to the Indian Rupee.

### **Country Risk:**

The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.

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