

1. What is Motilal Oswal S&P 500 Index fund?

Ans. Motilal Oswal S&P 500 index fund is an index fund which invests in the companies that are part of the S&P 500 Index (US) in the same weightage as in the index. The objective of this fund is to seek investment return corresponds to (before fees & expenses) the performance of the S&P 500 Index (US), subject to tracking error.

2. What is the S&P 500 index?

Ans. The S&P 500® index includes 500 leading companies that are diversified across all 11 Sectors. The index covers approximately 82% of available market capitalization that are listed on US Stock Exchanges.

The index is regarded as the best single gauge of large-cap US equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total making it the largest and most widely traded index in the world. For more information on S&P 500 Index ([click here](#)).

3. What is the history and significance of the S&P 500 index?

Ans. Created in 1957, the index is one of the oldest index with over a 60-year live track record. The S&P 500 was the first US market-cap-weighted stock market index. Today, it's the basis of many listed and over-the-counter investment instruments.

The S&P 500 is a proxy for the US equity market, and it is the only stock market benchmark serving as an economic indicator in The Conference Board Leading Economic Index. It has stood for US stock market performance in that context since 1968.

4. What are the top 10 companies in the S&P 500 index?

Ans. The top 10 companies in the S&P 500 index as of Feb 28, 2020

Constituent Name	Index Weight	GICS Name / Sector
Microsoft Corp	5.0%	Information Technology
Apple Inc.	4.7%	Information Technology
Amazon.com Inc	3.2%	Consumer Discretionary
Facebook Inc A	1.9%	Communication Services
Berkshire Hathaway B	1.6%	Financials
Alphabet Inc A	1.6%	Communication Services
Alphabet Inc C	1.6%	Communication Services
JP Morgan Chase & Co	1.5%	Financials
Johnson & Johnson	1.4%	Health Care
Visa Inc A	1.3%	Information Technology
Total	23.9%	--

Source: S&P Dow Jones Indices; data as of February 28, 2020.

5. Why there are multiple stocks of the same company, e.g. Alphabet Inc A & Alphabet Inc C?

Ans. Alphabet Inc A and Alphabet Inc C represent different share classes with different voting rights. The ownership rights and economic value for both are the same.

6. What is the turnover ratio of the index?

Ans. The average turnover of the S&P 500 Index is 4.27% for the last three calendar years.

7. Is it an Index Fund or Exchange Traded Fund?

Ans. It is an Index fund and tracks the returns of the S&P 500 Index. Investor don't need D-mat account (or stock trading account) to buy and hold the units of Index fund.

8. How does an investor invest in Motilal Oswal S&P 500 index fund?

Ans. Like any other mutual fund, an investor can buy Motilal Oswal S&P 500 index fund units from any mutual fund distributor or intermediary and also from the website of Motilal Oswal Asset management (www.motilaloswalmf.com).

9. What is the minimum amount investor can buy in Lump sum & SIP?

Ans. Investor can start investment in this fund with minimum investment amount as low as ₹ 500 either lump-sum or SIP.

10. When does the fund buy underlying stocks of the index for the subscription received for the day?

Ans. The fund buys underlying stocks the same day when US markets open around 7 pm (IST) for the subscription received for the day till 3 pm (IST).

11. How is the NAV for the Motilal Oswal S&P 500 Index Fund calculated and when is it declared?

Ans. The NAV for the fund is a combination of two data points – 1) End of day security prices. This will be as of US previous day close. 2) Exchange rate: This will be as of 5pm the same day. The NAV will be declared post market hours (just like any other mutual fund).

For Example - Calculation of NAV for April 9, 2020 will consider the underlying close price of index constituents as on April 8, 2020 (market close @2.30 am (IST)) and USD/INR currency rate at 5 pm (IST) as on April 9, 2020.

12. How is NAV allotted when an investor invests/redeems today?

Ans. The Investor who invests/redeems before 3pm IST – will get the same day NAV (as calculated above).

13. What is the turnaround time (TAT) for redemption pay-out?

Ans. The redemption is paid out on T+4 day.

14. How does currency movement affect investor's returns? Does AMC hedge currency?

Ans. If USD appreciates then investor's returns show positive movement and vice versa. The AMC does not hedge currency. Historically, the Indian currency has depreciation there by increasing returns in INR for Indian investors.

15. What is the tax liability on gains arising out of investing in Motilal Oswal S&P 500 Index Fund?

Ans. All International mutual funds attract taxation of non-Indian equity investments, i.e. debt taxation, the investor may take Indexation benefit post three years. We recommend investors to consult their tax advisors before engaging in any transaction.

16. What happens to the dividend paid out by the underlying stocks of Motilal Oswal S&P 500 Index fund?

Ans. Dividends paid by underlying companies are reinvested in the S&P 500 constituents. Motilal Oswal S&P 500 Index Fund does not declare dividends. Hence the returns of the fund is comparable with S&P 500 Total Return index, in INR. Note - The total returns index includes price change and cash dividend.

20. What is withholding tax on Dividend?

Ans. Countries receiving dividends (in this case India) have to pay a withholding tax of 30-40% on all dividends & corporate actions that benefit the investor. E.g. for dividend payment of \$100, the benefit accrued to the fund will only be \$60.

17. Does this investment come under LRS (Liberalised Remittance Scheme of RBI)?

Ans. Since the investments are made in India, in Indian Rupees, the investment in Motilal Oswal S&P 500 index fund does not come under the LRS scheme.

18. Will there be any tracking error in Motilal Oswal S&P 500 Index Fund as compared to its benchmark?

Ans. Yes, due to expense ratio, investment cost, and withholding tax on dividends. The scheme receives dividends within 45 days; this also causes tracking error.

19. How does fund invest when the fund subscription volumes are lower than expected?

Ans. In case of smaller net cash flows for the day, the fund will attempt to match the index weights as closely as possible. As mentioned in SID, the fund also has provision to invest up to 5% of AUM in S&P 500 ETFs trading on US exchanges.

21. What is the total expense ratio of the fund?

Ans. The total expense ratio of the fund for direct plan is 50 bps p.a. and for regular plan 100 bps p.a.