

Invest in the world's biggest brands

Introducing Motilal Oswal S&P 500 Index Fund



- World's Largest Index in World's Largest Economy- now in India
- 63 year track record – one of the world's oldest
- Invest in top 500 companies of the US Stock Market - The world's largest economy
- Truly Global- over 40% sales is from overseas.

NFO

Opens: 15th Apr, 2020

Closes: 23rd Apr, 2020

**INDEX
FUNDS**
by
MOTILAL OSWAL

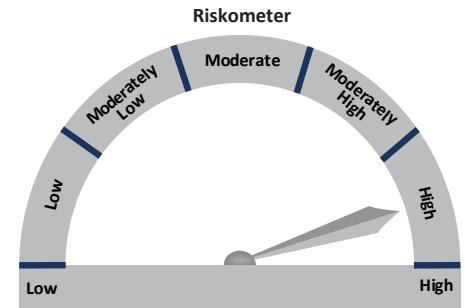
EASY
ECONOMICAL
EFFECTIVE



Product Labeling

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 in equity securities of S&P 500 Index



Investors understand that their principal will be at High risk

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



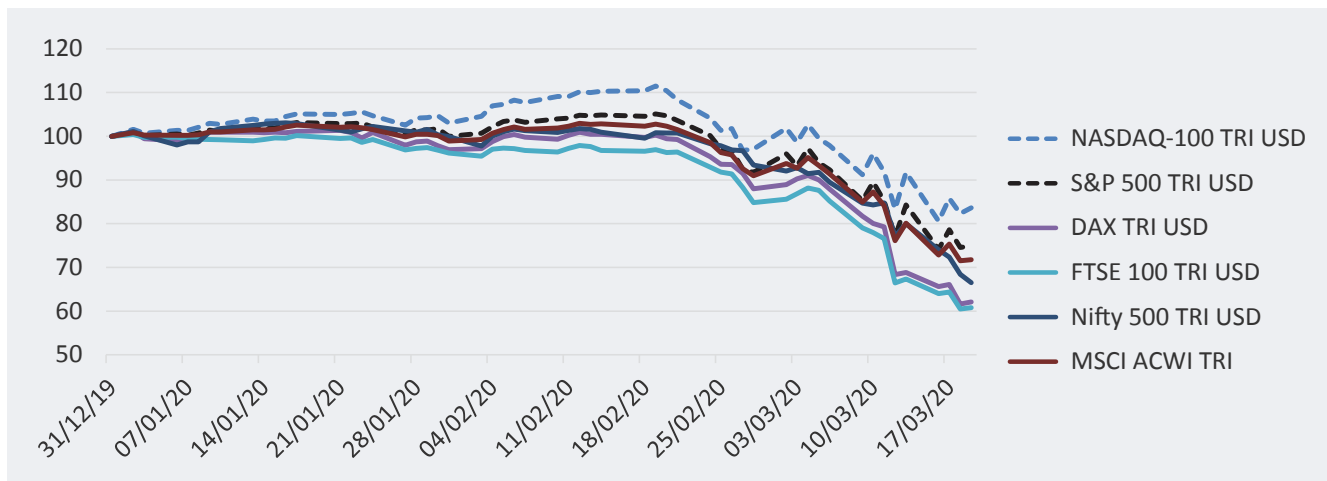
“ Be greedy when others are fearful,
be fearful when others are greedy. ”

- Warren Buffet

Recent Market Crash



Opportunity?



| S&P 500 Index Since 1932 | Bear Market | Bull Market |
|--------------------------|-------------|-------------|
| Number | 13 | 13 |
| Average Fall/Gain | ↓ 36% Fall | 183% Gain ↑ |
| Average Duration | 1.7 Years | 5.9 Years |

- Global market are down 20 - 40 %, YTD.
- Historically, after market corrections/sharp fall, market has recovered and reached new high.
- It may be a buying opportunity for long term investors.

Source: Bloomberg; Data from 31-12-2019 to 19-03-2019; Source: Putting This S&P 500 Bear Market Into Perspective by Graystone Consulting

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



About: S&P 500 index



Fun Facts



Leading 500 companies in US



One of the factors used in the forecast of economic direction



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



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



Unique Combination

| Country | 2018 GDP (\$ trillion) | % of World GDP | Rank by GDP | 10 Year GDP Growth Rate (2008-2018) |
|-------------|------------------------|----------------|-------------|-------------------------------------|
| USA | 20.5 | 23.8% | 1 | 3.4% |
| India | 2.7 | 3.1% | 6 | 8.5% |
| World | 86 | - | - | - |
| USA + India | 23.3 | 27.0% | | |

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 27% of global GDP

Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true; 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.



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 largest Index** - S&P 500 Index has largest asset tracked/benchmarked globally
- **Pure large caps** exposure
- **Global Exposure** - In 2018, more than 40% of the sales of S&P 500 constituents were reported from foreign countries
- **Dollar hedge** for Indian investors
- **Very low correlation** with Indian equity market



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



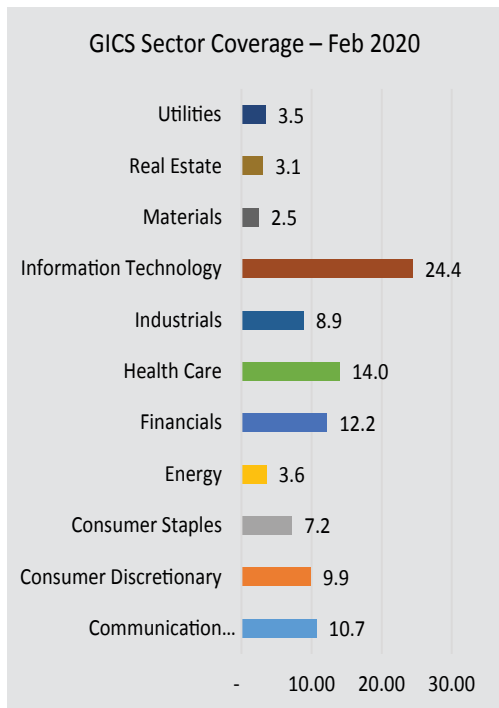
Rebalancing

Rebalancing – Quarterly;
Reconstitution – As-needed basis

Source: <https://us.spindices.com/indices/equity/sp-500>. Information as of March 19,202; for detailed index methodology please log on to source website.



Top 10 Companies



| Constituent Name | Index Weight | GICS Name |
|----------------------|--------------|------------------------|
| Apple Inc. | 4.7% | Information Technology |
| Amazon.com Inc | 3.2% | Consumer Discretionary |
| Berkshire Hathaway B | 1.6% | Financials |
| Facebook Inc A | 1.9% | Communication Services |
| Alphabet Inc C | 1.6% | Communication Services |
| Alphabet Inc A | 1.6% | Communication Services |
| Johnson & Johnson | 1.4% | Health Care |
| JP Morgan Chase & Co | 1.5% | Financials |
| Microsoft Corp | 5.0% | Information Technology |
| Procter & Gamble | 1.2% | Consumer Staples |
| Total | 25.1% | -- |

Source: <https://us.spindices.com/indices/equity/sp-500>; Data as of Feb 29, 2020; The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not 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.



Global Brands in S&P 500

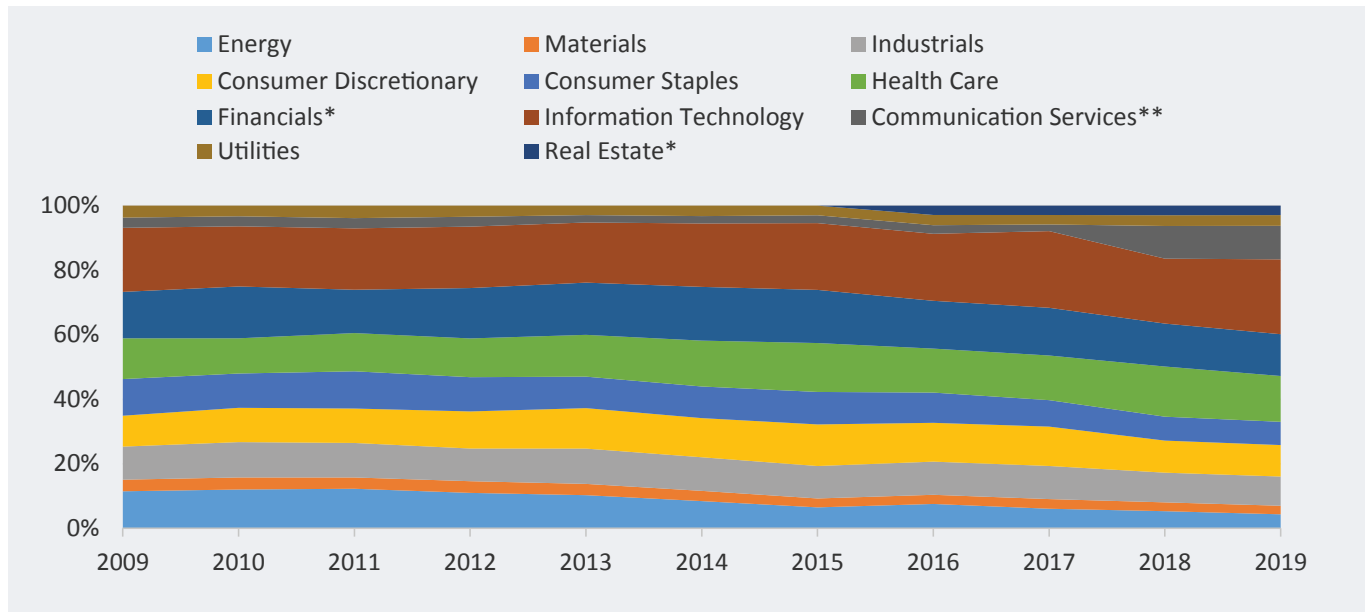
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Historical Sector Coverage

S&P 500 Index, diversified across all 11 sectors historically



Source: <https://us.spindices.com/indices/equity/sp-500>; Data as of Feb 29, 2020; data from Dec 31, 2009 to Dec 31, 2019. The sector mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future.

*Real Estate was spun off from the Financial sector post September 16, 2016;

**Telecommunication Services was rename Communication Services, with issues added from other sectors post September 20, 2018.



Why S&P 500 Index



Low Correlation

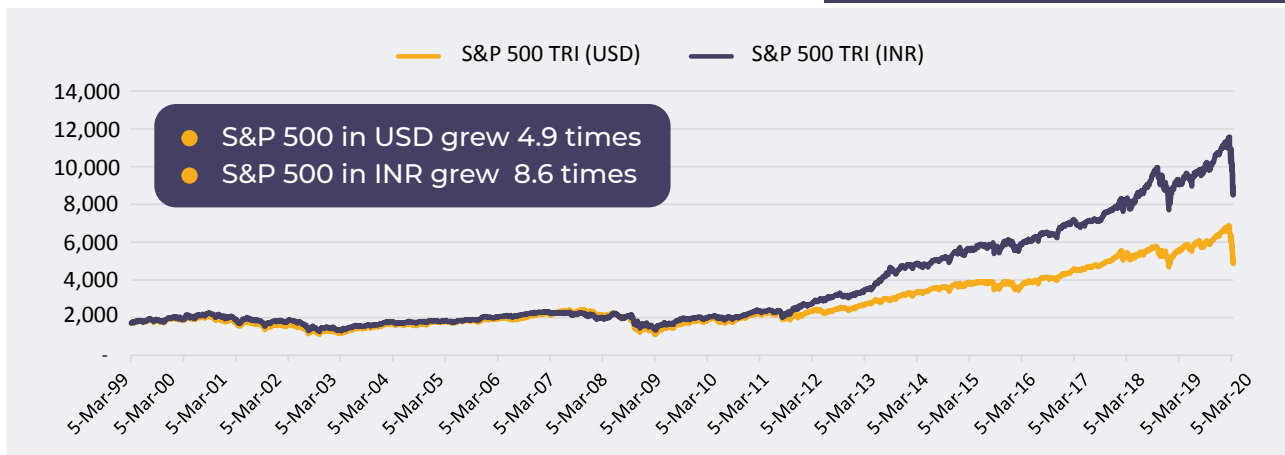
- Lower correlation offers opportunity for diversification.
- Combining assets that are less/not correlated helps reduce portfolio volatility, thereby improving risk adjusted returns

| 15 Year Correlation Matrix | Nifty 50 TRI | Nifty 500 TRI | NASDAQ 100 TRI (INR) | S&P 500 TRI (INR) |
|----------------------------|--------------|---------------|----------------------|-------------------|
| Nifty 50 TRI | 1.000 | 0.984 | 0.112 | 0.147 |
| Nifty 500 TRI | | 1.000 | 0.102 | 0.135 |
| NASDAQ 100 TRI (INR) | | | 1.000 | 0.929 |
| S&P 500 TRI (INR) | | | | 1.000 |

Data Source: Bloomberg; Performance as of Close of Feb 2005 – Feb, 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. Please note not all Indices available are mentioned here in. 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. Readers shall be fully responsible/liable for any decision taken on the basis of this article



Dollar Hedge



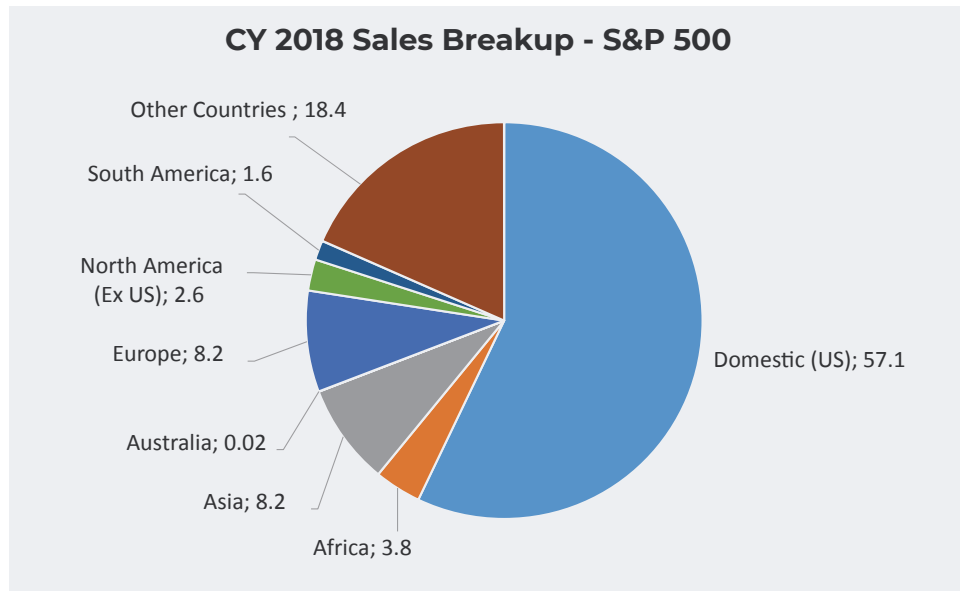
| | 2007 (%) | 2008 (%) | 2009 (%) | 2010 (%) | 2011 (%) | 2012 (%) | 2013 (%) | 2014 (%) | 2015 (%) | 2016 (%) | 2017 (%) | 2018 (%) | 2019 (%) |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| S&P 500 TRI (USD) | 5.74 | -38.30 | 29.56 | 13.93 | 2.53 | 13.59 | 34.09 | 15.33 | 1.29 | 11.42 | 21.90 | -5.69 | 32.22 |
| S&P 500 TRI (INR) | -5.99 | -24.13 | 24.83 | 9.47 | 21.41 | 17.03 | 51.52 | 18.05 | 6.14 | 14.25 | 14.72 | 2.90 | 34.88 |
| USD Appreciation | -11.09 | 22.97 | -3.65 | -3.92 | 18.42 | 3.03 | 13.00 | 2.36 | 4.78 | 2.54 | -5.89 | 9.11 | 2.01 |
| Difference | 5.74 | 14.17 | -4.73 | -4.46 | 18.88 | 3.44 | 17.43 | 2.72 | 4.84 | 2.83 | -7.18 | 8.59 | 2.66 |

Data Source: Bloomberg, RBI and MOFSL; Performance as of close of Dec 31, 2006 - Dec 31, 2019; 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.



Global Exposure in terms of Sales

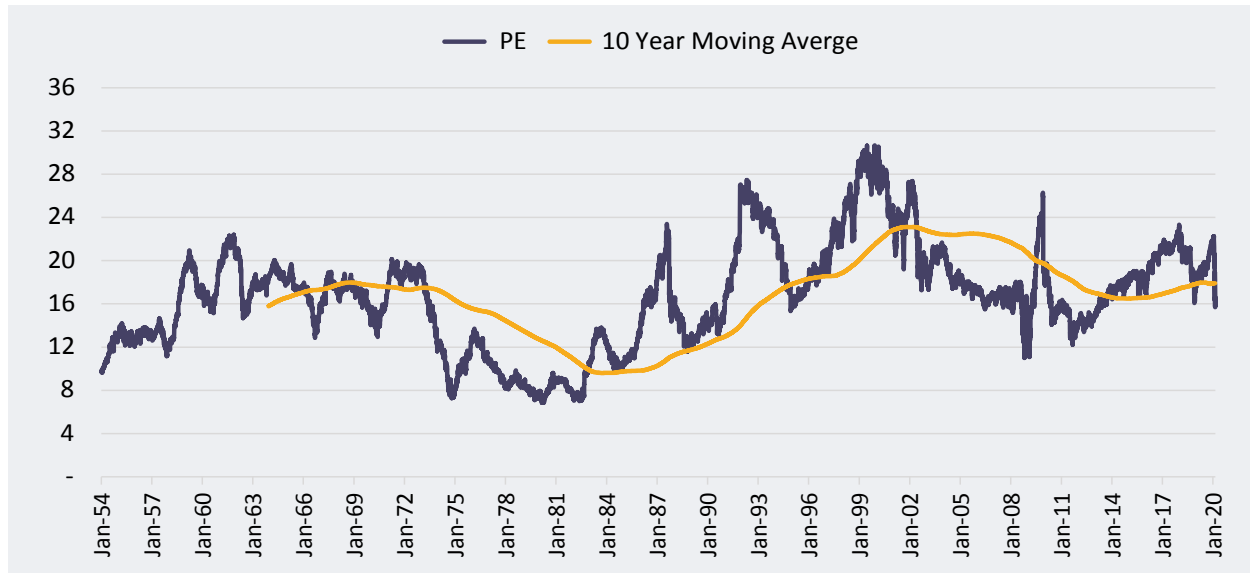
Historically large portion of sales of S&P 500 constituents' was from foreign countries.



Source: S&P Dow Jones Indices; Paper on - sp-500-global-sales-2018; Published in August 2019; 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.



Attractive PE Multiples?

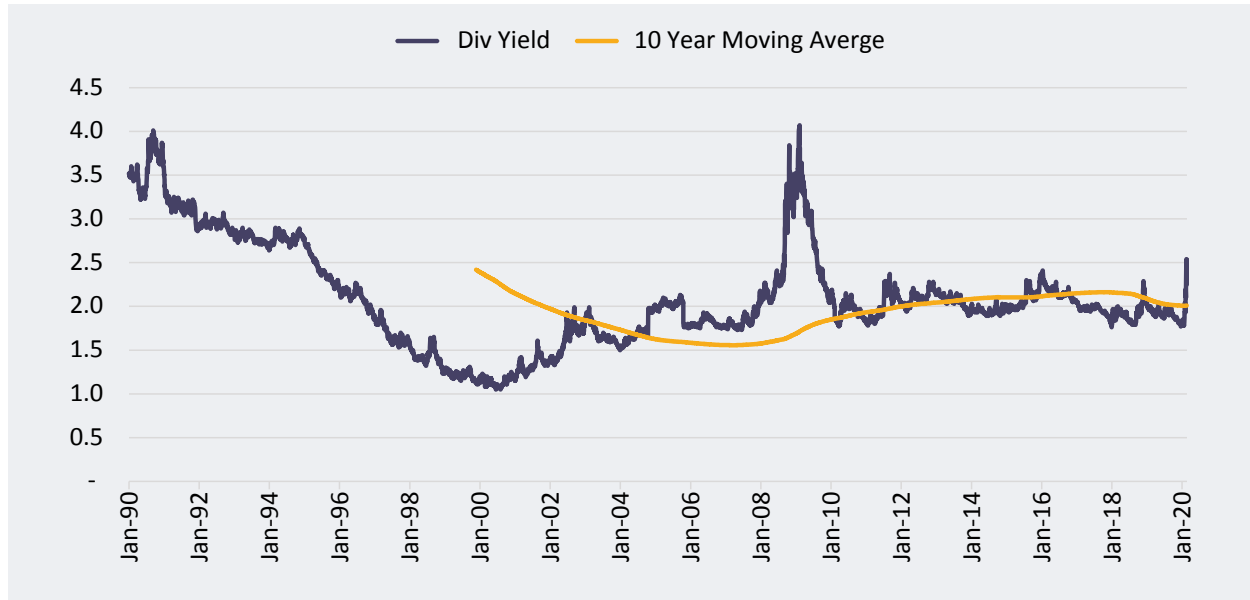


Historically S&P 500 traded at multiples that were elevated relative to long term average. After recent correction, it may have arrived at attractive valuation

Source: Bloomberg. Data from Jan 1954 – March 2020; 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 in future.



Higher Dividend Yield

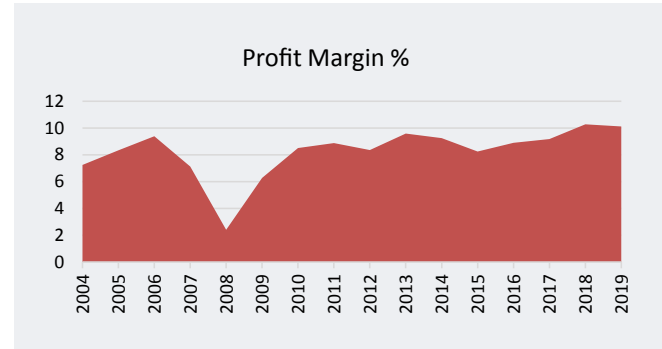
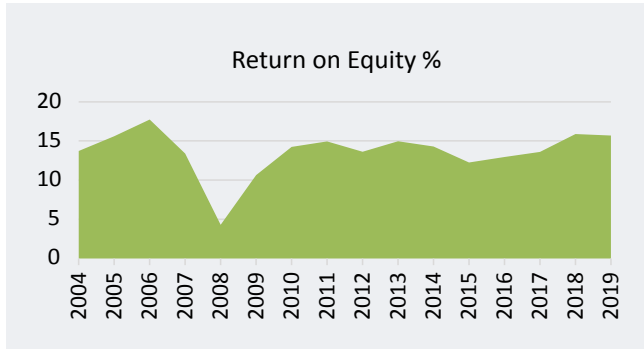


S&P 500 dividend yield is at year 5 high and well above historical average

Source: Bloomberg. Data from Jan 1990 – March 2020; 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 in future.



Profitability Ratios



Post financial crisis, various profitability ratios are looking attractive

Source: Bloomberg. Data from Jan 2004 – March 2020; 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 in future

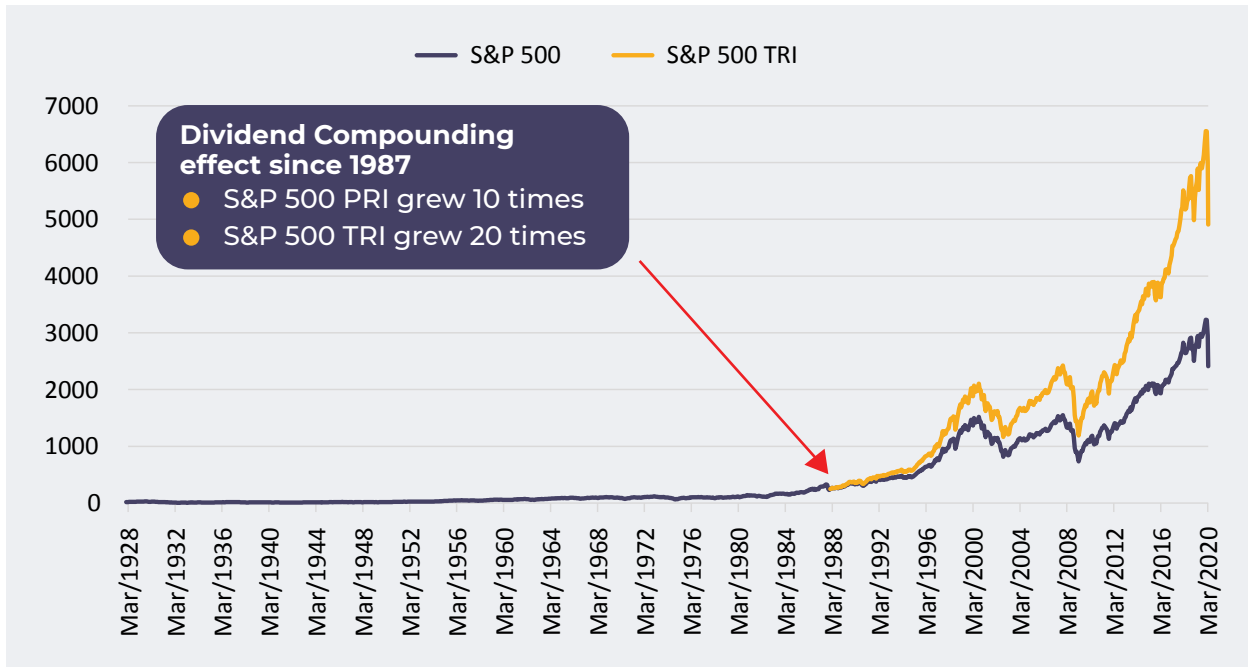


Performance : S&P 500



Since 1928 - Long Track Record

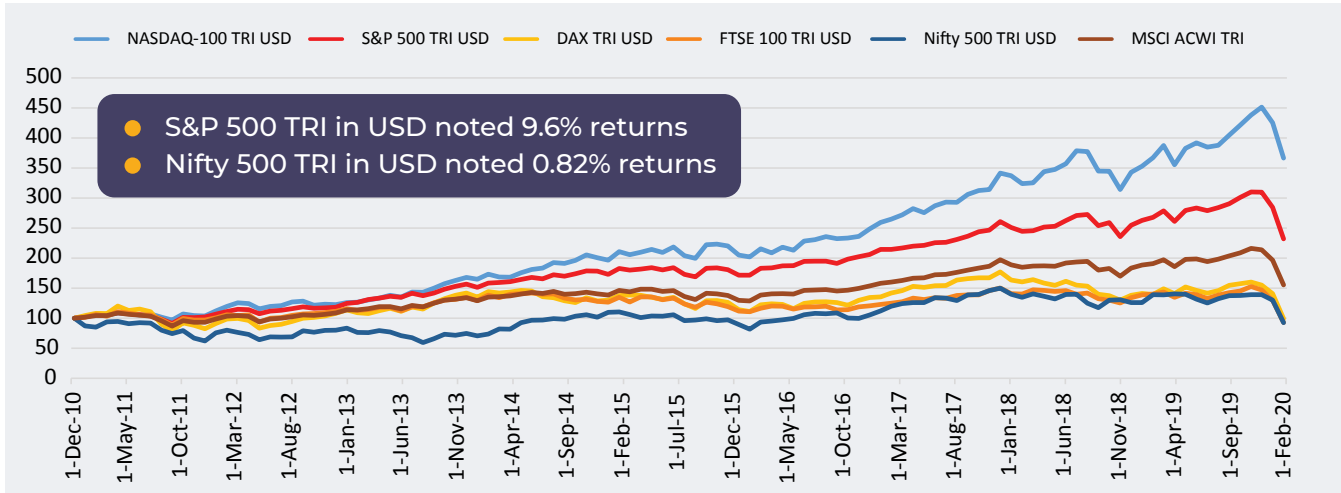
Long track Record – S&P 500 Values since 1928, TRI since 1987



Data Source: Bloomberg; Performance in USD as of Close of March 1, 1928 – March 19, 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. 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.



Global Indices, in USD



| CAGR Since | NASDAQ-100 TRI USD | S&P 500 TRI USD | DAX TRI USD | FTSE 100 TRI USD | Nifty 500 TRI USD | MSCI ACWI TRI |
|-----------------------------|--------------------|-----------------|-------------|------------------|-------------------|---------------|
| Dec 31, 2010 - Mar 19, 2020 | 15.12% | 9.56% | -0.07% | -0.79% | -0.82% | 4.89% |

Data Source: Bloomberg; Performance in USD as of Close of December 31, 2010 – March 19, 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. 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. Please note not all Indices available are mentioned here in. 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. Readers shall be fully responsible/liable for any decision taken on the basis of this article



Risk Return Profile (in INR)

| Data Label | S&P 500 TRI (INR) | Nifty 500 TRI |
|------------------------------|-------------------|---------------|
| CAGR | - | - |
| 3 Years | 12.8% | 7.5% |
| 5 Years | 12.7% | 6.3% |
| 7 Years | 16.9% | 12.2% |
| 10 Years | 17.8% | 9.6% |
| Annualized Volatility | - | - |
| 3 Years | 14.1% | 13.2% |
| 5 Years | 13.9% | 14.1% |
| 7 Years | 13.8% | 14.5% |
| 10 Years | 15.4% | 15.1% |
| Risk Adjusted Returns | - | - |
| 3 Years | 0.908 | 0.570 |
| 5 Years | 0.909 | 0.443 |
| 7 Years | 1.222 | 0.839 |
| 10 Years | 1.157 | 0.639 |

Data Source: Bloomberg; All performance data in INR as of Close of Mar 19, 2020; Performance Data from Feb 28, 2009 to Feb 28, 2020; 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. Past performance may or may not be sustained in future. Please note not all Indices available are mentioned here in. 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. Readers shall be fully responsible/liable for any decision taken on the basis of this article



S&P 500 Index Comparison with NASDAQ 100 Index



Comparison with NASDAQ 100

| Criteria | S&P 500 | NASDAQ 100 |
|-------------------------|--|---------------------------------------|
| Theme | Broad Market | Technology Heavy |
| Eligible Stock Exchange | Various stock exchanges including NASDAQ | Stocks listed only on NASDAQ |
| Number of Stocks | 500 | 100 |
| US Mcap Coverage | 82% | 30% |
| Size Exposure | Pure LargeCap | Large, Mid/Smallcap |
| Sectors | All 11 Sectors Covered | Represents 8 sector out of 11 sectors |
| Largest Sector (weight) | Information Technology (24.4%) | Information Technology (46.9%) |

www.spindices.com ; www.indexes.nasdaqomx.com/; 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** - DD – MMM - YYYY
- **Total Expense Ratio** - Direct – 0.5%; Regular – 1.0%
- **Exit Load** - 1% for 3 months from the date of investment
- **Continuous Offer - Lumpsum & SIP**
 - 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: [https://www.motilaloswalmf.com](https://www.motilaloswalmf.com;);

THANK YOU

“ Opportunities come infrequently.
When it rains gold, put out the
bucket, not the thimble. ”

- *Warren Buffet*



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Passive Investments - The Scheme is not actively managed. Since the Scheme is linked to index, it may be affected by a general decline in the Indian markets relating to its underlying index. The Scheme as per its investment objective invests in Securities which are constituents of its underlying index regardless of their investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets.

Risks associated with overseas investment

To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, and bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.

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.

Mutual fund investments are subject to market risks, read all scheme related documents carefully.



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