



Nifty 50 – The Stock of the Nation

August 2023

Introduction

Nifty 50, flagship index of the National Stock Exchange (NSE), plays a pivotal role in helping investors assess the pulse of the Indian capital market over the past 27 years.

With its core purpose of providing a fair representation of the Indian equity market, the Nifty 50 focuses on crucial aspects such as portfolio diversification, liquidity, and replicability. The index comprises 50 large and actively traded stocks from various sectors,

collectively representing approximately 63% of the free float market capitalization of listed stocks on the NSE.

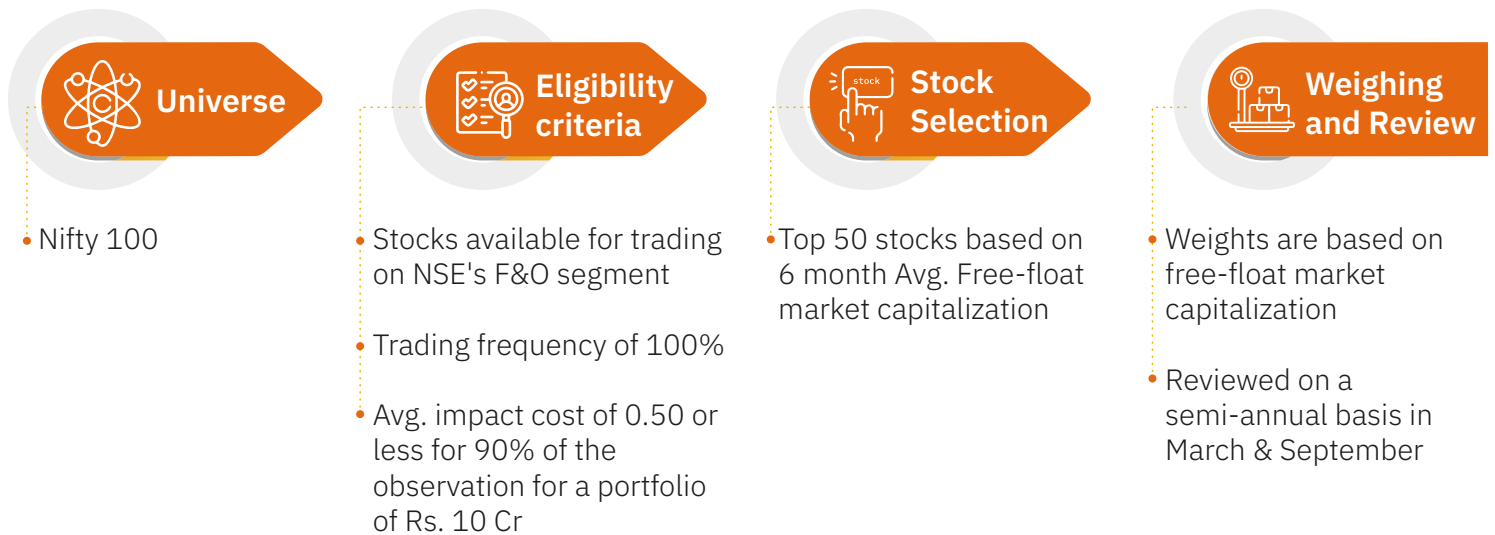
Over time, the Nifty 50 has emerged as the most widely used benchmark for passive products (exchange-traded funds and index funds) in the Indian equity market. It has gained immense popularity among domestic and international investors who rely on it to track the performance of the Indian equity market and make informed investment decisions.

About Nifty 50 Index

The Nifty 50 index has a base date of November 03, 1995. It represents the country's top 50 blue-chip companies across various sectors. The weight of each stock in the index is based on its free-float market

capitalization. The index is reviewed on a semi-annual basis in March and September using 6-month average data as of January 31, and July 31 respectively. The index construction steps are highlighted below:

Exhibit 1: Nifty 50 index methodology

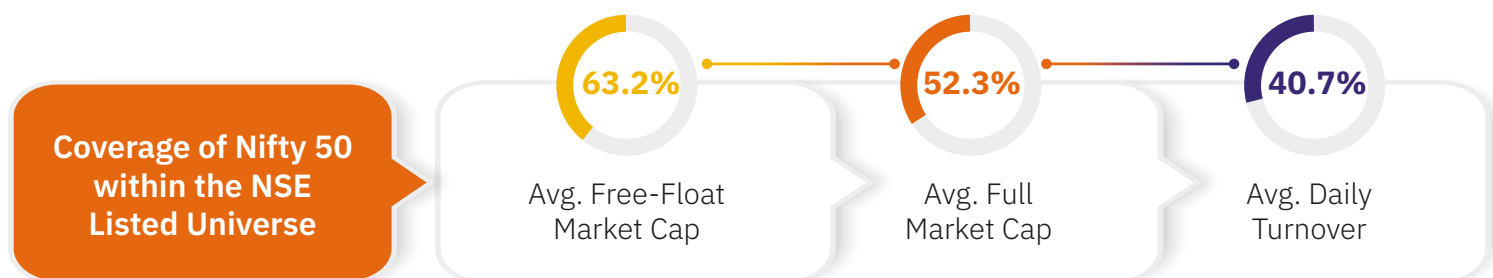


Coverage of the Nifty 50 index:

The Nifty 50, comprising 50 blue chip companies, collectively represent approximately 52% of the total full market capitalization, around 63% of the total free-float market capitalization, and approximately

41% of the total liquidity of all the traded equity stocks on the NSE, based on a 6-month average as of March 31, 2023.

Exhibit 2: Coverage of the Nifty 50 viz-a-viz all listed and permitted to trade equity stocks on NSE



*Based on 6-month average March 31, 2023 ended data

Evolution of Nifty 50

Since its inception in November 1995, the Nifty 50 index has witnessed remarkable growth in its market capitalization coverage, expanding from 33.7% to 52.3% of the total traded equities at the National Stock Exchange (NSE) as of March 2023.

In terms of turnover coverage, the Nifty 50 index has also experienced notable changes over the years. Initially standing at 62.2% in November 1995, the average turnover coverage has moderated to 40.7% as of March 2023.

Exhibit 3: Nifty 50 attributes across years

Nifty 50 Attributes across years					
Attributes (%)	2023^	2022	2015	2005	1995
Market Representation by Full MCAP (%) *	52.3	51.7	57.6	57.9	33.7
Market Representation by Average Turnover (%) *	40.7	37.7	45.1	42.2	62.2
Cumulative weight of top five stocks (%)	40.6	40.5	34.7	38.5	31.7
Cumulative weight of bottom five stocks (%)	2.3	2.4	1.7	2	1.8

* Weight for 2023^ is as of last trading day of March, weight for 2022, 2015, 2005 and 1995 are as of last trading day of December. Weights for 2023, 2022 and 2015 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization. Market representation of the Nifty 50 for 2023 is calculated based on 6 month March 2023 ended avg. full mcap and avg. turnover data, Market representation of the Nifty 50 for 2022, 2015, 2005 & 1995 is calculated based on 6 month December ended avg. full mcap and avg. turnover data for the respective years

Sectoral composition of the Nifty 50 vis-à-vis overall listed market

The Nifty 50 portfolio provides sector exposure pattern that is broadly similar to one provided by all traded equity stocks at NSE as depicted in Exhibit 4.

Exhibit 4: Sector exposure of Nifty 50 viz-a-viz all traded equity stocks at NSE

Macro-Economic Sector	Nifty 50 (%)	All listed & permitted to trade equity stocks on NSE (%)
Financial Services	37.72	30.76
Information Technology	14.11	10.85
Energy	12.14	9.25
Fast Moving Consumer Goods	9.58	8.61
Consumer Discretionary	8.29	13.50
Commodities	5.79	8.61
Healthcare	3.79	5.11
Industrials	3.43	7.20
Telecommunication	2.41	2.01
Utilities	2.10	2.60
Services	0.63	1.40
Diversified	-	0.12
Total	100	100

Source : NSE Indices. *All data as on March 31, 2023 .

Sectoral exposure of the Nifty 50 index

As on March 31, 2023, the Nifty 50 index has exposure to 14 sectors. Financial Services (37.72%), Information Technology (14.11%) and Oil, Gas & Consumable Fuels

(12.14%) are the largest sectors of the Nifty 50 index. There are 11 companies in Financial Services with weights ranging from 9.31% to 0.65%.

Exhibit 5: Sectoral exposure of the Nifty 50 Index

Sr. No	Sector	No. of stocks in the sector	Weight of the stocks in the sector (%)			
			Total weight	Minimum weight	Maximum weight	Average weight
1	Financial Services	11	37.72	0.65	9.31	3.43
2	Information Technology	5	14.11	0.71	6.68	2.82
3	Oil, Gas & Consumable Fuels	4	12.14	0.43	10.35	3.03
4	Fast Moving Consumer Goods	5	9.58	0.55	4.44	1.92
5	Automobile and Auto Components	6	5.28	0.40	1.45	0.88
6	Healthcare	5	3.79	0.47	1.39	0.76
7	Construction	1	3.43	3.43	3.43	3.43
8	Metal & Mining	4	3.36	0.63	1.11	0.84
9	Consumer Durables	2	3.01	1.38	1.63	1.51
10	Telecommunication	1	2.41	2.41	2.41	2.41
11	Power	2	2.10	1.01	1.09	1.05
12	Construction Materials	2	1.94	0.79	1.15	0.97
13	Services	1	0.63	0.63	0.63	0.63
14	Chemicals	1	0.49	0.49	0.49	0.49
	Total	50	100.00	0.40	10.35	2.00

Source: NSE Indices; Data as on March 31, 2023

Sector composition of Nifty 50 across years

Since inception, the weights of sectors in the Nifty 50 index have changed over time due to evolving market dynamics. For example, the IT sector was not represented at the time of inception, but as of March 31, 2023, it represents 14.1% of weight in the index. Similarly, weights of stocks from the financial services

sector have grown from 20% at inception to ~38% now, while weights of Fast Moving Consumer goods and Metals & Mining sectors have declined from 19.0% to 9.6% and 10.9% to 3.8% respectively over the same time-period.

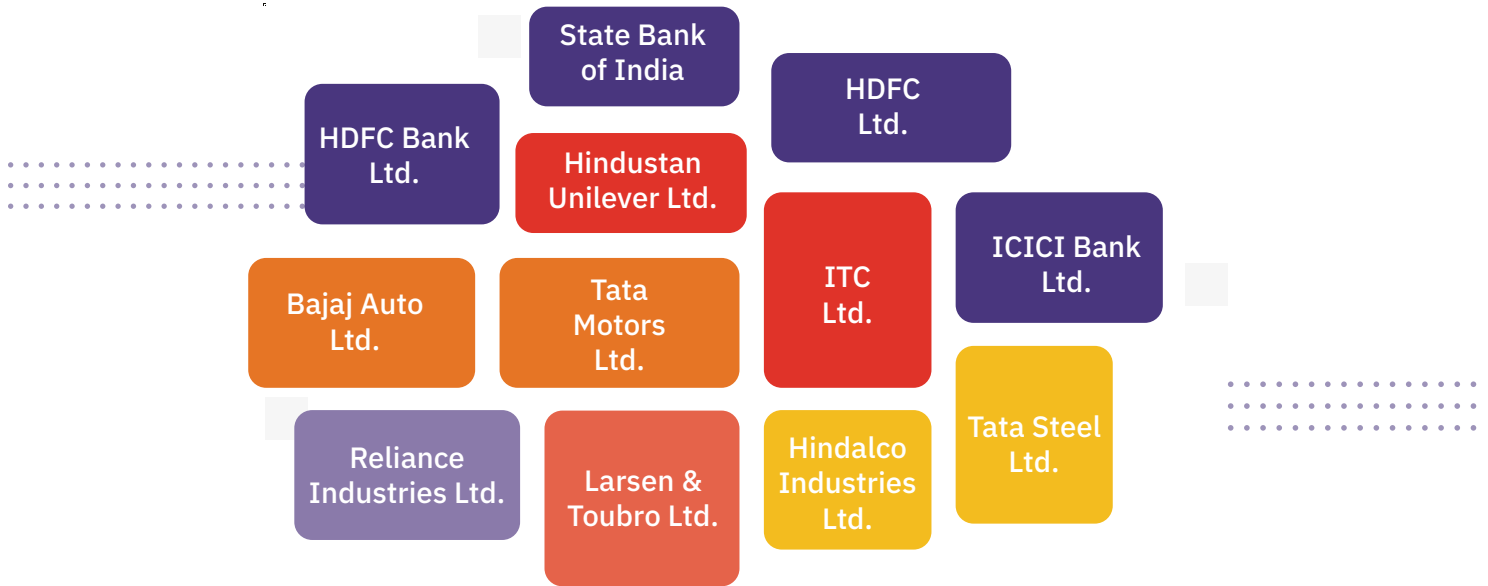
Exhibit 6: Sectoral composition of Nifty 50 across years

Sector	2023*	2022	2015	2005	1995
Financial Services	37.7	37.7	31	12.8	20
Information Technology	14.1	14	16.3	20	-
Oil, Gas & Consumable Fuels	12.1	12.7	10.6	25	9.8
Fast Moving Consumer Goods	9.6	8.6	8.7	8	19
Automobile and Auto Components	5.3	5.3	9.9	6.8	12.2
Metals & Mining	3.8	4.2	1.3	5.5	10.9
Healthcare	3.4	3.8	7.3	4.2	2.7
Construction	3.4	3.1	3.7	1.8	4.5
Consumer Durables	3.0	3.1	1.4	-	-
Telecommunication	2.4	2.5	2.2	6.3	-
Power	2.1	1.9	2.6	1.5	2
Construction Materials	1.9	1.8	2.8	2.5	5.5
Services	0.6	0.8	0.8	1.1	1.1
Chemicals	0.5	0.5	-	0.8	7.7
Media, Entertainment & Publication	-	-	0.8	0.5	-
Capital Goods	-	-	0.5	3.1	0.6
Textiles	-	-	-	-	2.2
Consumer Services	-	-	-	-	1.9

Weights of the sectors are as of December 31 for the respective year. Weights for 2022 and 2015 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization. *Weight of sector for 2023 are as of 31st March 2023 based on Free-Float market capitalization.

Twelve companies present in Nifty 50 since inception

Exhibit 7: Companies present in Nifty 50 since inception



Each of the 12 companies in the above table have been in the index from inception till March 31, 2023.

Nifty 50 Total Return index Performance

Exhibit 8: Performance of Nifty 50 since inception

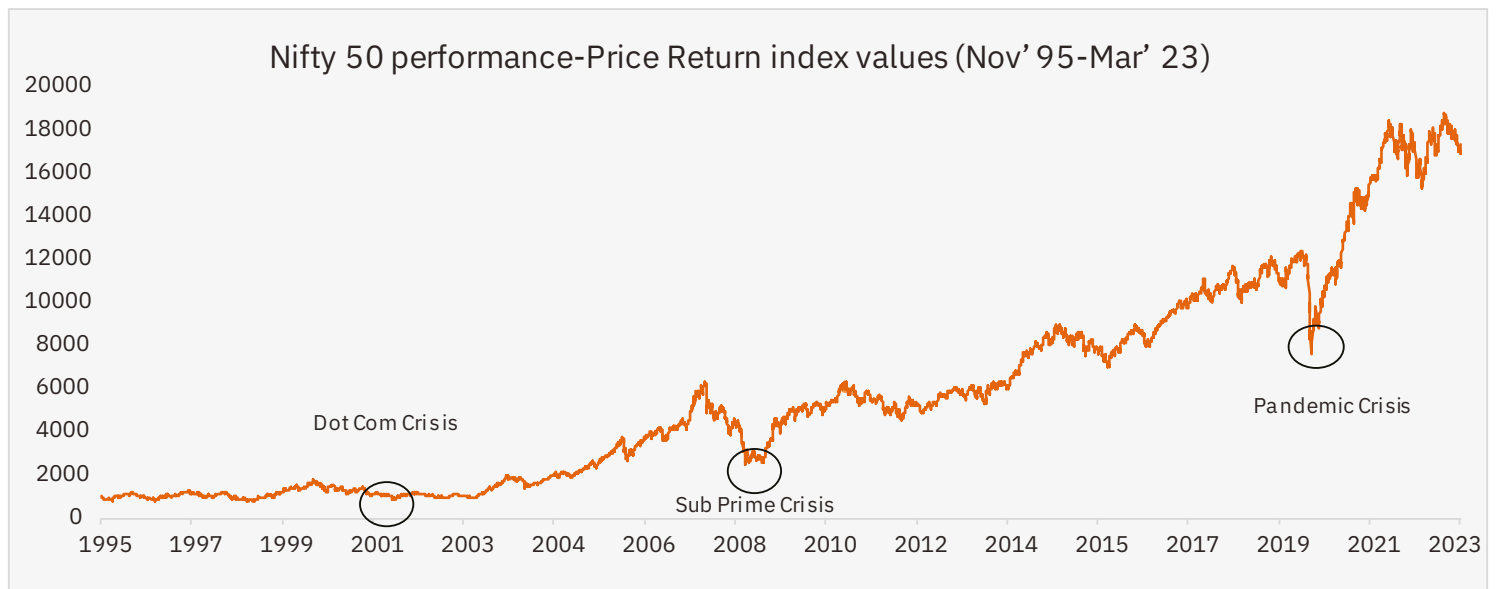


Exhibit 9: Annualised return and volatility profile of Nifty 50 TR index

Annualised Return and Annualised Volatility Profile of Nifty 50 TR index (As of March 31, 2023)

Period	Returns	Volatility	Return to Risk
Since June 30, 1999	13.5%	22.7%	0.59
15 Years	10.4%	21.0%	0.50
10 Years	13.2%	17.3%	0.76
7 years	13.6%	17.6%	0.77
5 years	12.8%	19.7%	0.65
3 years	27.8%	18.5%	1.50
1 Year	0.6%	15.6%	0.04

Returns are calculated based on TR index values. Returns greater than one year are annualized, the returns up to one year are absolute returns; The TR values of the Nifty 50 index are available from June 30, 1999.

Since June 30, 1999, the Nifty 50 Total Return (TR) index has delivered annualized returns of 13.5% with annualized volatility of 22.7%. TR index assumes dividends are reinvested in the index and hence represents both Price Return (PR) and Dividend return. The Nifty 50 TR index has delivered 10.4% CAGR, 12.8% CAGR and 0.6% CAGR over the last 15 years, 5 years and 1 year respectively. Volatility has been 21.0%

over the last 15 years, 19.7% over the last 5 years and 15.6% over the last 1 year. Over the last 3 years, the Nifty 50 index had a return to risk ratio of 1.5.

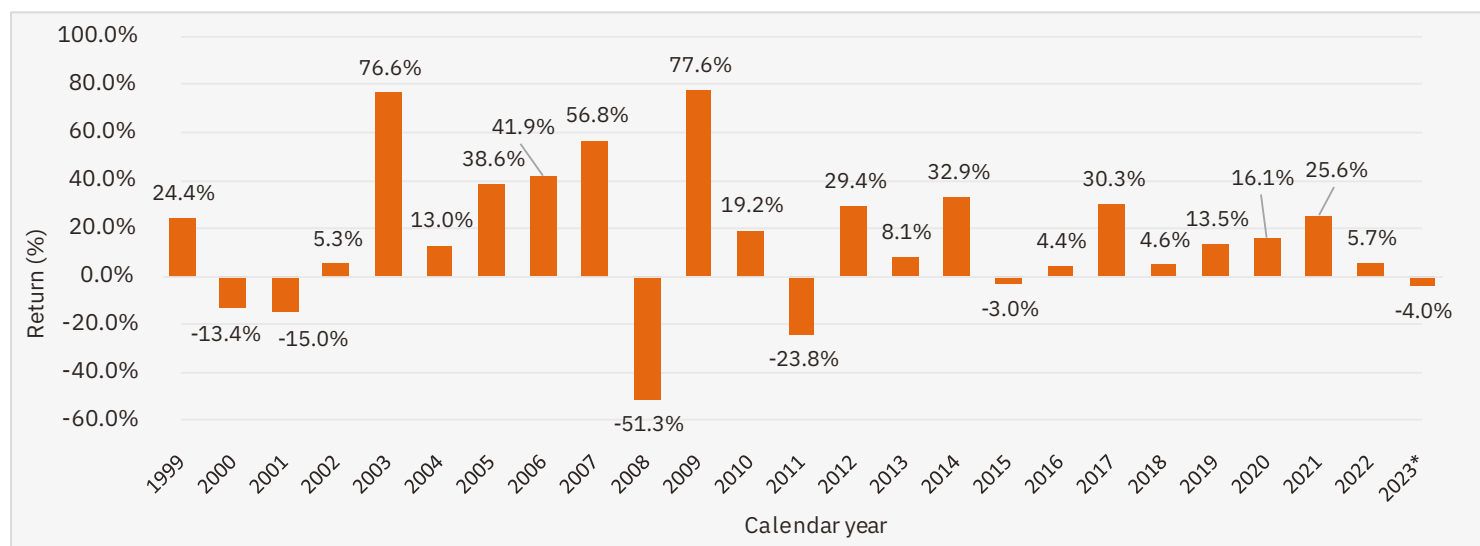
While the volatility of the index returns has varied, overall, the index has maintained a reasonable risk-return profile.

Calendar Year Returns for Nifty 50 TR index

The Nifty 50 TR index showed a mix of positive and negative returns over the last 25 years. It experienced significant volatility during the global financial crisis in 2008 but rebounded strongly in subsequent years. The

years 2013, 2016, and 2022 had relatively lower returns, while 2014, 2017, 2019, 2020, and 2021 witnessed stronger performance.

Exhibit 10: Calendar year performance of Nifty 50 TR index



Return based on TR index values. Return for 1999 is calculated from June 30, 1999, to December 31, 1999. Return for 2023* is calculated from December 30, 2022 to March 31, 2023

The Nifty 50 TR index has delivered positive returns in 19 out of 25 calendar years. Returns were between 0% to 10% in 5 calendar years, 10% to 30% in 7 calendar years and exceeded 40% in 4 calendar years. Out of the

6 calendar years where the Nifty 50 TR index had negative returns, returns were between 0% to -20% in 4 calendar years and less than -20% in 2 calendar years.

Exhibit 11: Calendar year returns range of Nifty 50 TR index

Return Range	Count of years	Calendar years
Less than -20%	2 Years	2008, 2011
-20% to -10%	2 Years	2000, 2001
-10% to 0%	2 Years	2015, 2023
0% to 10%	5 Years	2002, 2013, 2016, 2018, 2022
10% to 20%	4 Years	2004, 2010, 2019, 2020
20% to 30%	3 Years	1999, 2012, 2021
30% to 40%	3 Years	2005, 2014, 2017
40% and above	4 Years	2003, 2006, 2007, 2009

Rolling Returns for Nifty 50 TR index

Exhibit 12: Daily rolling return analysis of the Nifty 50 TR index

Investment Horizon	Analysis based on daily rolling returns									
	Percentage of total instances						Return Analysis			
	Negative returns	Positive returns					Return Attributes			
	<0% CAGR	>=0% CAGR	0-5% CAGR	5-10% CAGR	10-15% CAGR	>15% CAGR	Min CAGR	Max CAGR	Median CAGR	Average CAGR
10 years	0.0%	100.0%	0.0%	18.1%	37.8%	44.1%	5.1%	22.4%	14.3%	14.2%
7 years	0.0%	100.0%	0.0%	18.3%	44.4%	37.2%	4.9%	30.5%	13.3%	15.0%
5 years	0.1%	99.9%	6.1%	22.6%	34.7%	36.5%	-1.0%	47.2%	13.3%	15.4%
3 years	7.1%	92.9%	9.4%	19.0%	24.7%	39.7%	-15.2%	62.1%	12.9%	15.1%
2 years	18.8%	81.2%	10.1%	12.5%	11.1%	47.5%	-21.0%	64.8%	14.0%	15.3%
1 year	24.9%	75.1%	9.2%	10.0%	11.2%	44.6%	-55.4%	107.9%	12.7%	16.3%

Source: NSE Indices. Analysis period is from June 30, 1999 to March 31, 2023; Data based on TR index values

The Nifty 50 TR index has delivered positive returns ~75%-93% of the time over horizons of 1, 2 and 3 years, based on daily rolling return analysis. As the investment horizon increased to 5 years and longer, the frequency of positive returns approached 100% for 7-year and 10-year horizons. For the 10-year horizon period the Nifty 50 TR index the returns were between 5.1% to 22.4%. For the 7-year investment horizon, the Nifty 50 TR index has delivered an average return of 15% based on daily rolling return analysis, with a return of more than 15% p.a. for 37.2% of the time. Likewise, for the 10-year investment horizon, the Nifty 50 TR index delivered an average return of 14.2% based on

daily rolling return analysis, and a return of more than 15% p.a. for 44.1% of the time.

Overall, the analysis shows that for longer investment horizons, such as 10 years and 7 years, the Nifty 50 index has consistently delivered positive returns. The median and average CAGRs are relatively stable across different horizons, indicating a consistent performance by the index. However, for shorter-term horizons, such as 1 year and 2 years, the index has shown more variability in returns, with ~19% to ~25% of instances experiencing negative returns.

Passive funds on Nifty 50 Index

Domestic Presence

As on March 31, 2023, there are 349 passive funds with a total AUM of Rs. 6.70 trillion. Out of these 349 passive funds, there are 131 ETFs and 91 index funds tracking the equity indices with a total AUM of Rs. 3.97 trillion and Rs.0.55 trillion respectively.

There are 36 passive funds (17 ETFs and 19 index funds) tracking the Nifty 50 index with a total AUM Rs.

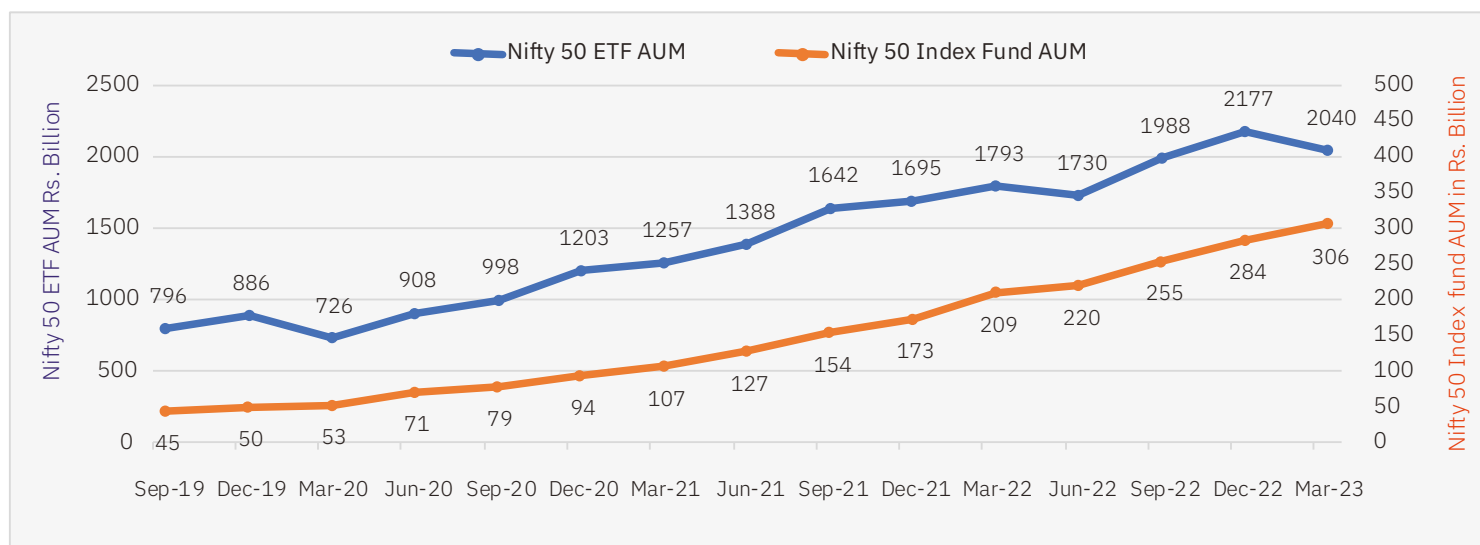
2345.94 billion (Rs. 2040.43 billion AUM of the Nifty 50 ETFs and Rs. 305.51 billion AUM of Nifty 50 Index funds). The AUM of ETFs tracking the Nifty 50 index accounts for 51.38% of the total equity ETF AUM and the AUM of Index funds tracking the Nifty 50 index accounts for 55.00% of the total equity Index Fund AUM as of March 31, 2023.

Exhibit 13: AUM of the ETFs and Index Funds on Nifty 50 index

Sr. No	Mutual Fund	ETFs AUM in Rs. Billion	Index Fund AUM in Rs. Billion
1	SBI Mutual Fund	1421.50	35.95
2	UTI Mutual Fund	367.46	99.65
3	Nippon India Mutual Fund	120.96	7.10
4	ICICI Prudential Mutual Fund	49.43	41.77
5	Kotak Mahindra Mutual Fund	21.41	2.71
6	HDFC Mutual Fund	21.13	78.25
7	Aditya Birla Sun Life Mutual Fund	12.18	5.29
8	Mirae Asset Mutual Fund	11.97	-
9	LIC Mutual Fund	6.56	0.57
10	Tata Mutual Fund	4.66	3.85
11	Axis Mutual Fund	1.46	2.33
12	Invesco Mutual Fund	0.63	-
13	Quantum Mutual Fund	0.41	-
14	Motilal Oswal Mutual Fund	0.30	2.47
15	Bandhan Mutual Fund	0.17	6.78
16	Indiabulls Mutual Fund	0.11	-
17	DSP Mutual Fund	0.10	2.99
18	Navi Mutual Fund	-	7.22
19	Franklin Templeton Mutual Fund	-	4.85
20	IDBI Mutual Fund	-	1.89
21	HSBC Mutual Fund	-	1.65
22	Edelweiss Mutual Fund	-	0.13
23	Taurus Mutual Fund	-	0.02
	Total	2040.44	305.47

Source: CMOTS. Data as of March 31, 2023

Exhibit 14: Trend in AUM of the ETFs and Index Funds linked to Nifty 50 index for last 3 years



Source: CMOTS; Data as of March 31, 2023

International Presence - ETFs

There are 7 international ETFs based on Nifty 50 with total AUM of USD 1009.58 USD Mn as of March 31 2023.

Exhibit 15: AUM of the international ETFs on the Nifty 50 index

Sr. No	ETF Name	AUM (USD Mn)
1	iShares India ETF	580
2	Next Funds Nifty 50 Linked ETF	163
3	Xtrackers Nifty 50 Swap ETF	132
4	Kiwoom KOSEF Synth India ETF	60
5	ETFS NAM India Nifty 50 ETF	41
6	Fubon Nifty 50 ETF	31
7	KSM ETF Nifty 50	3

Source: ETFGI; Data as of March 2023

Signing off.....



The Nifty 50, comprising 50 large Indian companies, is India's flag ship Index, these 50 companies collectively represent approximately 52% of the total full market capitalization, around 63% of the total free-float market capitalization, and approximately 41% of the total liquidity of all the traded equity stocks at the NSE, based on a 6-month average data as of March 31, 2023.



As of March 31, 2023, the Financial Services, Information Technology, and Oil, Gas, and Consumable Fuels sectors dominate the composition of the Nifty 50 index, with their weights collectively adding up to 63.9%.



From June 30, 1999, till March 31, 2023, the Nifty 50 index has delivered 13.5% CAGR with annualized volatility of 22.7%.



The Nifty 50 index has delivered positive returns in 19 out of 25 calendar years



On a daily rolling return basis, the Nifty 50 has delivered positive returns, 100% of the time over the longer horizon periods of 7 years and 10 years.



The impressive growth in AUM of the passive funds on the Nifty 50 reflects the increasing adoption and recognition of the Nifty 50 as a preferred benchmark in the Indian equity market. As of March 31, 2023, there are 36 passive funds (17 ETFs and 19 Index Funds) tracking the Nifty 50 index with a total AUM of Rs. 2.34 trillion.

For more information on the Index methodology and factsheet, please visit us at www.nseindia.com

About NSE Indices Limited:

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the Nifty brand of NSE, including the flagship index, the Nifty 50. Nifty equity indices comprises of broad-based benchmark indices, sectoral indices, strategy indices, thematic indices and customised indices. NSE Indices Limited also maintains

fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on Nifty indices have been developed within India and abroad. These include index based derivatives traded on NSE, NSE IFSC and Singapore Exchange Ltd. (SGX) and a number of index funds and exchange traded funds. The flagship 'Nifty 50' index is widely tracked and traded as the benchmark for Indian Capital Markets.

For more information, please visit: www.niftyindices.com

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