



**INVEST IN THE SELECT
CHOSEN PRIVATE BANKS**

**INVEST IN TATA NIFTY PRIVATE BANK
EXCHANGE TRADED FUND**

TATA

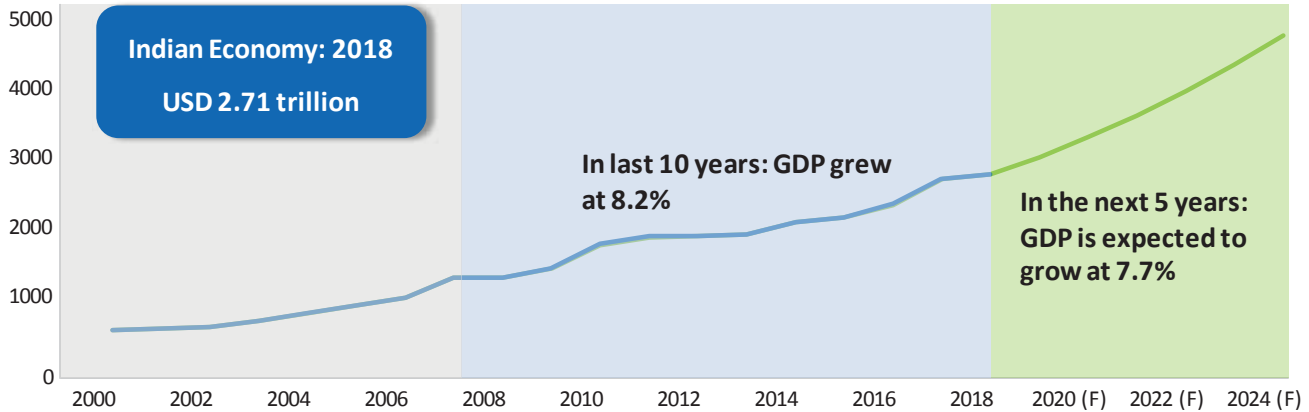
NIFTY PRIVATE BANK EXCHANGE TRADED FUND

(An Open-Ended Exchange Traded Fund replicating/ tracking -Nifty Private Bank Index)

NFO opens: 16th August, 2019 | NFO closes: 29th August, 2019

INDIA GROWTH STORY

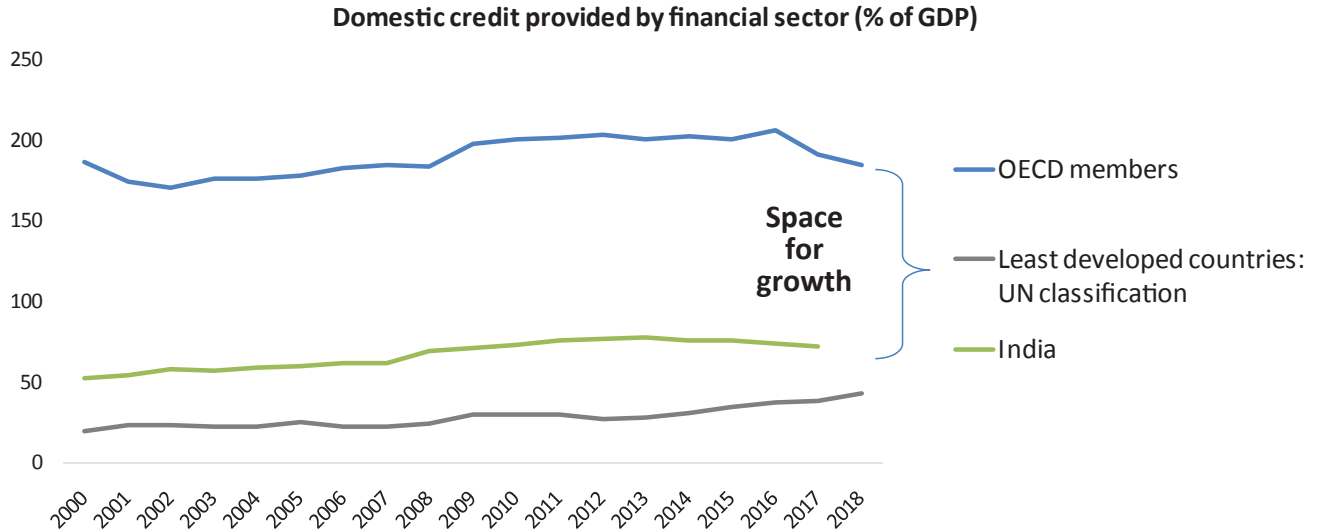
India GDP (Billions of U.S. dollars)



Source: IMF



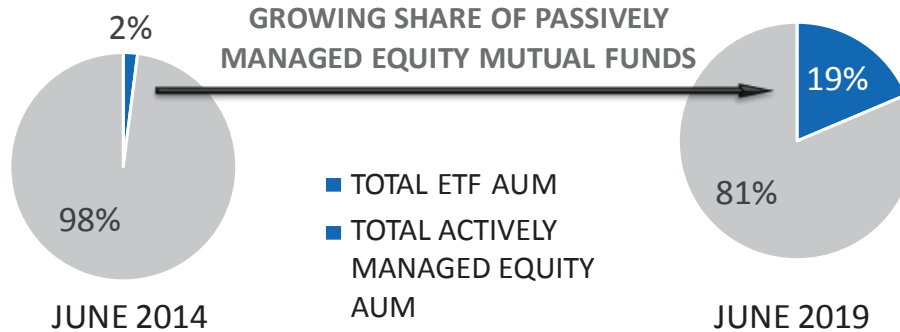
Source: Motilal Oswal



- Developed Economies are supported by highly penetrated & fundamentally strong financial systems.
- Strong financial sector helps promote growth in an economy by
 - Mobilising Saving for capital formation
 - Loans provided for Capital Investments and consumption aid business expansion

(OECD- Organization of Economic Co-operation and Development)

PASSIVE INVESTING









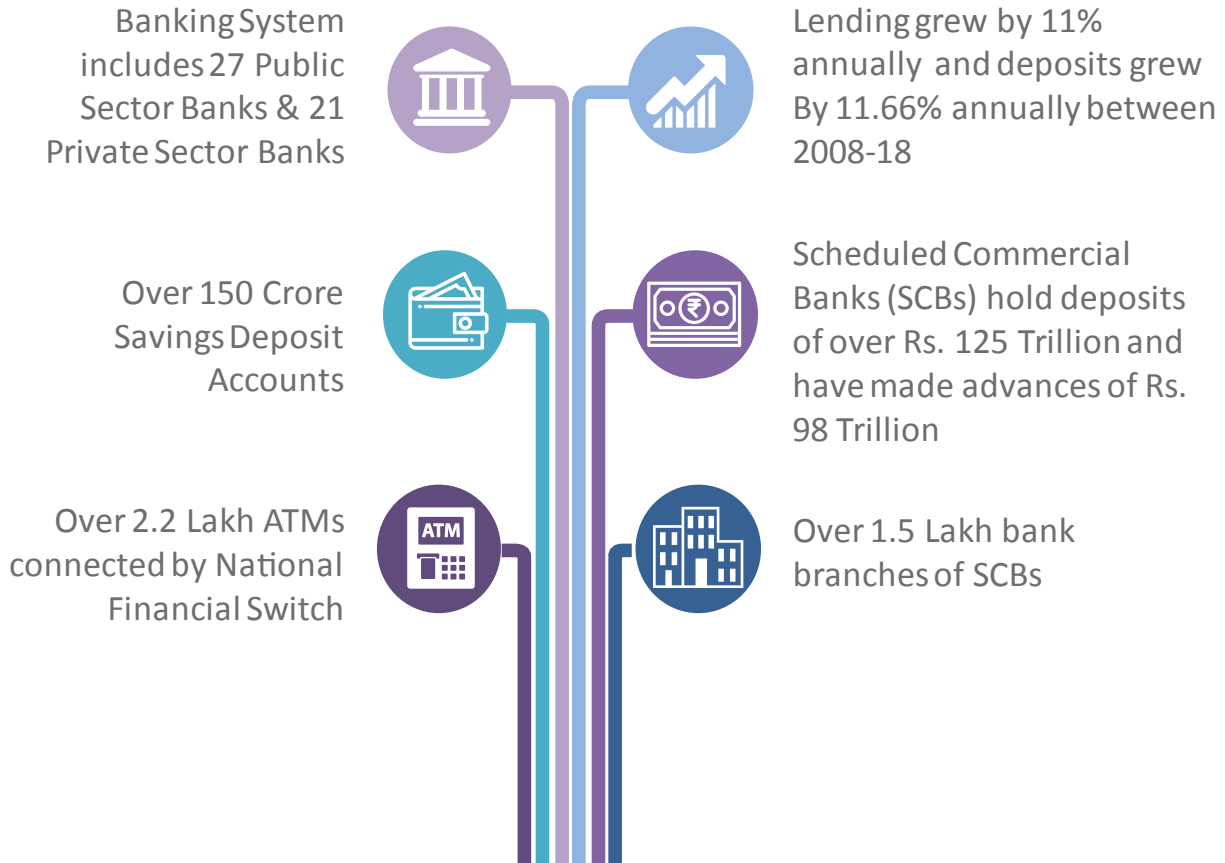
- Mature markets - Passive investments useful due to universal **financial penetrations.**

- India - Potential for generating **alpha through active management.**

- Yet Passive investments are a **cost-efficient** way for portfolio diversification

ETFs VERSUS ACTIVE MUTUAL FUNDS

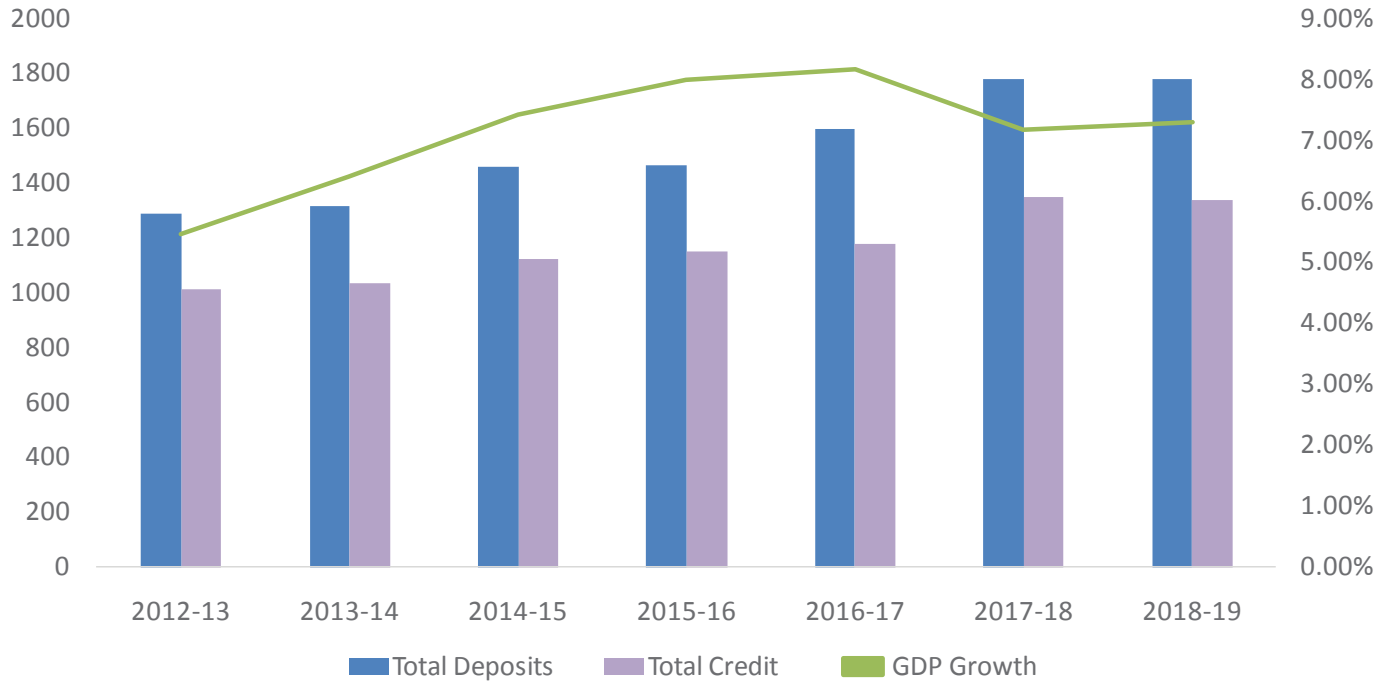
CRITERIA	ETFs	ACTIVE MUTUAL FUNDS
 Underlying	Tracks a benchmark	Creation of portfolio of Securities
 Fund Management	Passive	Active
 Dealing Entity for Purchase and Redemption (After NFO)	Exchange (NSE, BSE) and Fund House (only for specific size)	Fund House
 NAV	Certain Proportion of Underlying Index Value	Calculated at End of Business Day
 Price to buy / redeem	Prevailing Price at Exchange	End of day NAV
 Cost	Low Cost	Higher Cost than ETFs



BANKS & BUSINESS GROWTH

Credit & Deposit Growth have contributed heavily to Indian Economy

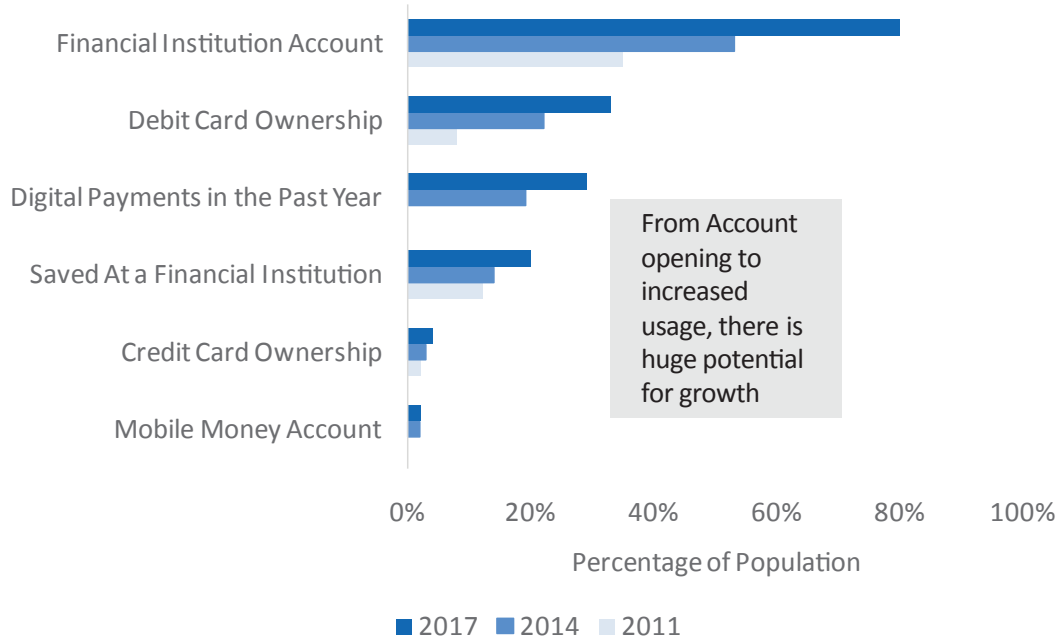
Total Credit and Deposits in Scheduled Commercial Banks (In Rs. 1000 Billions)



Bank deposits are the main avenue for Capital Mobilisation & Key Source of fund for business Expansion

SCOPE FOR GROWTH

Encashing on Financial Inclusion

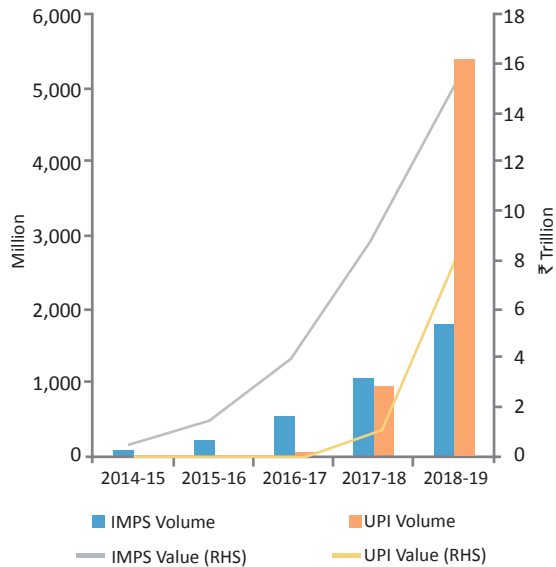


The Banking Sector Expansion has been augmented by initiatives like Jan Dhan Yojana, Initiation of Direct Benefit Transfers, Unified Payments Interface & RuPay Cards

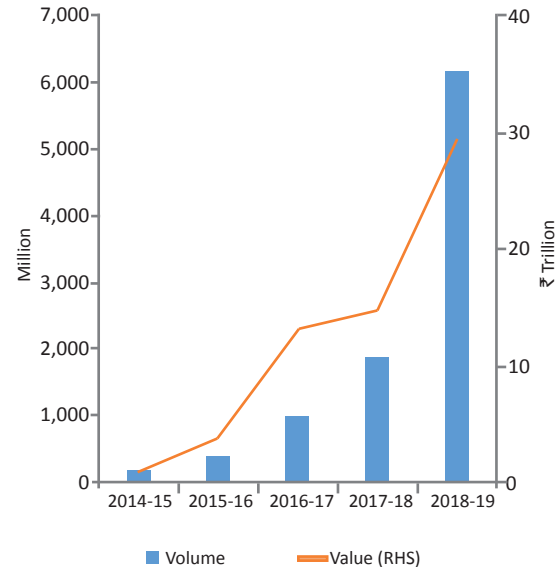
SCOPE FOR GROWTH

Changing Landscape of Banking Sector

Frequency and Value of online transactions are fast increasing



Mobile Banking has had an exponential increase in the past years



Source: RBI

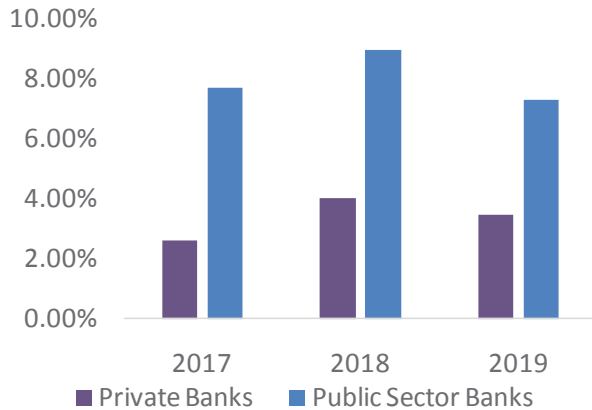
WHY PRIVATE BANKS?

CRITERIA	PRIVATE BANKS	PUBLIC SECTOR BANKS (PSBs)
Asset Quality	Superior asset quality	Asset quality has declined due to the NPA crisis
Net Interest Margins (NIMs)	Higher NIMs	Lower NIMs despite having lower cost of funds
Market Share	Share of deposits and advances rising	Share of deposits and advances declining
Non-Interest Income	Significantly diversified beyond Interest Income	Unable to diversify source of income
Profitability	Stable profits in the face of the NPA crisis	Significant losses due to NPA provisioning
Return on Equity	Stable returns on equity	ROE declined to negative between FY16-FY19

PUBLIC VS PRIVATE SECTOR BANKS

Asset Quality and Net Interest Margins

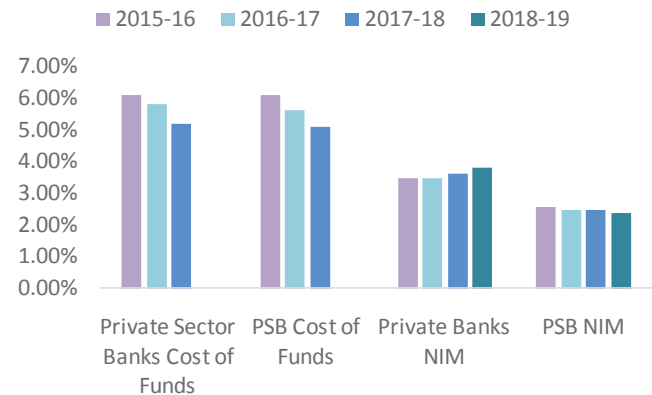
Ratio of Gross NPA to Net Assets



Private sector banks have been able to maintain stringent lending criteria, the share of NPAs held by Private Sector is lower

Private Sector Banks have been able to keep higher NIMs even though their cost of borrowing is slightly higher than Public Sector Banks

Cost of funds & NIM

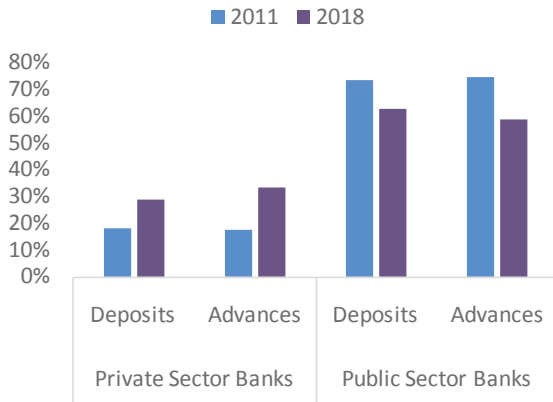


PUBLIC VS PRIVATE SECTOR BANKS

Rise of Fee Based Income

Private Sector Banks have been increasing their market share

Bank Type-wise Share of Deposits and Advances



Percentage of Non-Interest Income of Private and Public Sector Banks (Excluding SBI)

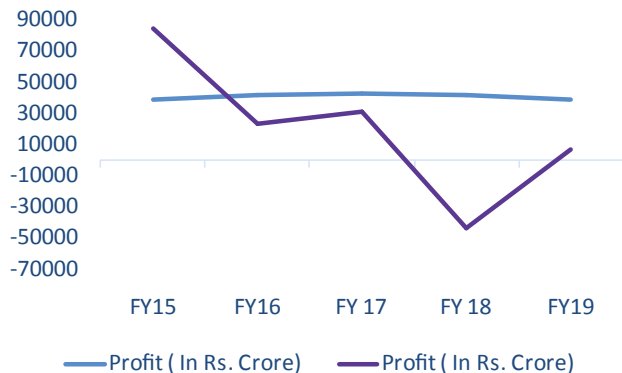


- Private Sector Banks have been able to diversify non interest-based income much better than Public Sector Banks
- These include commissions, advisory fees as well as dividends from subsidiaries

PUBLIC VS PRIVATE SECTOR BANKS

Net Profit & Return On Equity

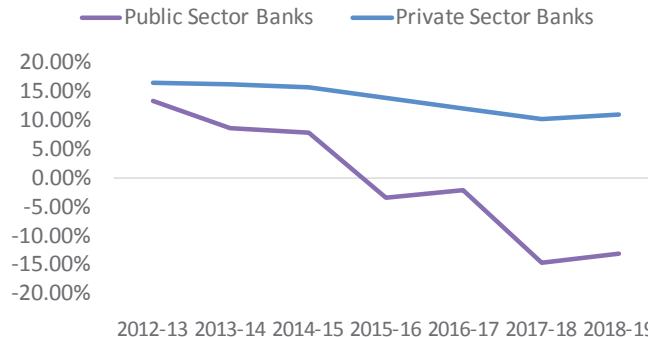
Net Profit Trend of Public v/s Private Sector Banks (In Rs. Crores)



Private Sector banks have been able to keep their profit levels stable in the face of higher Provisioning due to NPAs as directed by RBI.

- Private Sector banks have been able to keep their ROE levels stable
- This is corresponded by a steep fall in the ROE of Public Sector Banks

Return on Equity on Public and Private Sector Banks (%)



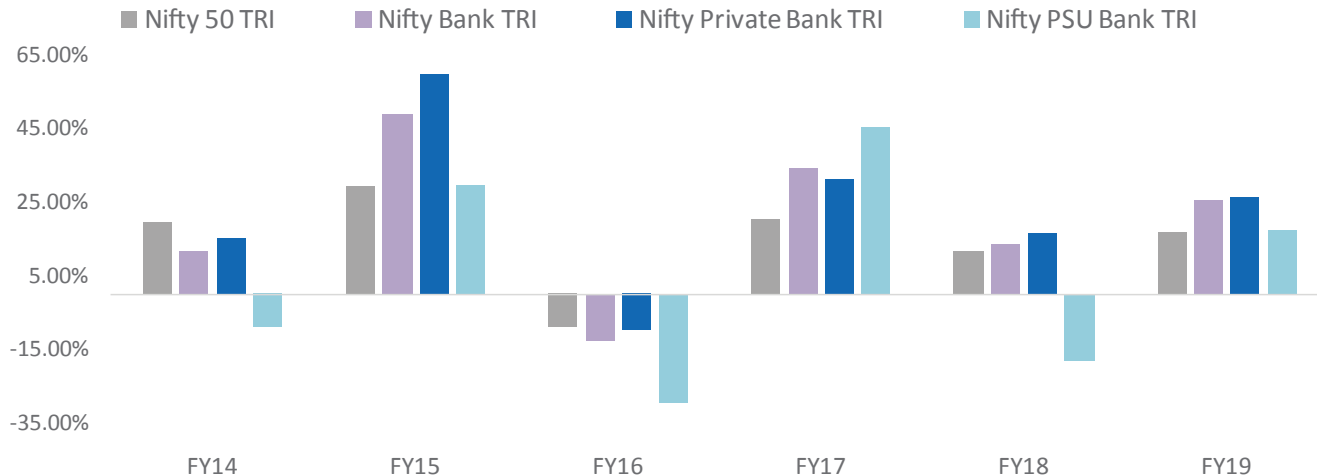
OUTPERFORMANCE OF PRIVATE BANK INDEX

The Index has given CAGR Of 19% in a 10-year period



PRIVATE BANKS OVER TIME

Returns category wise



Return Period*	Nifty 50 TRI	Nifty Bank TRI	Nifty Private Bank TRI	Nifty PSU Bank
1 Year	-1%	4%	2%	-13%
3 Years	10%	16%	15%	4%
5 Years	9%	14%	16%	-4%
7 Years	13%	17%	19%	3%
10 Years	10%	15%	19%	1%

As on 31st July 2019 • 1 Year returns are absolute, more than one year are on CAGR basis

OUTLOOK OF THE BANKING SECTOR



Market Scenario	Outlook
Credit Growth	Private banks with a large retail base and established presence will be able to capture credit growth that will resume with better liquidity through two key channels: A) Direct Retail lending to consumers B) Lending to NBFCs
Capex cycle revival	As Private Sector Banks are better capitalized, they will be able to capture the lending growth that comes with the capex cycle revival
Financialization of savings	Private Sector Banks are better positioned to capture the growing financialization of savings
Increasing depth of financial inclusion	Many Private Banks provide integrated financial services through subsidiaries such as life and non-life insurance, broking, mutual funds. These are set to benefit from increasing depth of financial inclusion
Increasing affluence	Private Banks stand in a good position as increasing affluence means a greater need for financial institutions

About the Index

»»» Amongst the First of its kind ETF

Constituents

The Product is focused purely on the Private Banks and has no exposure to Public Sector Banks

Weightages

Private Banks that fall within the top 800 companies based on

- Average daily turnover for the last six months and
- Average daily full market capitalization for the last six months

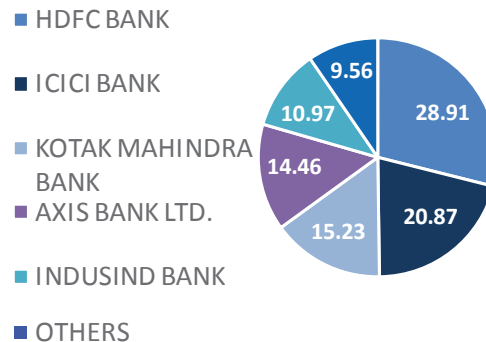
Preference being given to companies available for derivatives trading

Re-balancing

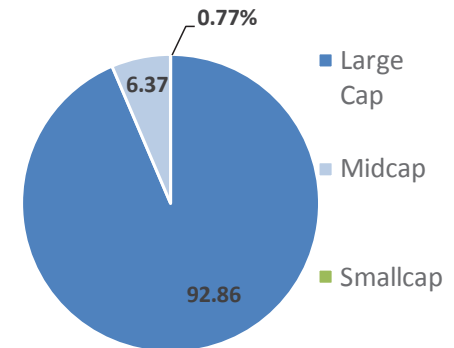
- Semi-annual basis
- The cut-off date is January 31 and July 31 of each year

»»» Investor access to Indian Private Retail and Corporate Banking Sector

Index Allocation (%)



Market Cap Allocation of Index Constituents



FEATURES OF THE PRIVATE BANK ETF

Top 5 Constituents of the Fund

Stocks	Allocation (%)
HDFC Bank	28.90
ICICI Bank	20.87
Axis Bank	15.23
Kotak Mahindra Bank	14.46
IndusInd Bank	10.97
Total	90.44

The top 3 stocks account for **65%** weightage

The top 5 stocks of the fund make up over **90%** of the index

Single Stock Weightages	
Mutual Funds	Private Bank ETF
SEBI regulations cap investments in a single stock at 10%	A single stock can be up to 35% of the index

KEY HIGHLIGHTS OF TATA NIFTY PRIVATE BANK EXCHANGE TRADED FUND



Equity ETF tracking NIFTY Private Bank Index

- Fund will employ an investment approach designed to track the performance of Nifty Private Bank Index.
- The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index.

Ideal for Investors looking for low tracking error fund

- Investment in a portfolio of Private Banks as represented by Nifty Private bank Index.
- The Scheme will endeavor to have a low tracking error.

Low Cost

- Passively managed fund, hence low fund management cost
- Protects long-term investors from the inflows and outflows of short-term investors. This is because the fund does not bear extra transaction cost when buying/selling due to frequent subscriptions and redemptions.

Liquidity

- On the Exchange - The units of the Scheme can be traded on all trading days on the NSE or other exchanges where scheme is listed
- Directly with the Mutual Fund – The Scheme offers units for subscription / redemption directly with the Mutual Fund in creation unit size to Authorized Participants / and Large Investors, at applicable NAV prices on all Business Days during an ongoing offer period.

Scheme Name	TATA NIFTY PRIVATE BANK EXCHANGE TRADED FUND
NFO Date	16th August-29th August 2019. Applications with MICR code will be accepted till 26th August 2019.
Investment Objective	The investment objective of the scheme is to provide returns that closely correspond to the total returns of the securities as represented by the Nifty Private Bank index, subject to tracking error. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved.
Type Of Scheme	An Open-Ended Exchange Traded Fund tracking Nifty Private Bank Index
Fund Manager	Mr. Sailesh Jain
Benchmark	Nifty Private Bank Index (TRI)
Min. Investment Amount	Rs. 5,000/- and in multiple of Re.1/- thereafter
Creation Unit Size	15000 Units
NFO Unit Price	On Allotment, value of each unit will be approximately 1/100 th of underlying index
Load Structure	Entry Load: N.A. Exit Load: NIL
Authorized Participants	Edelweiss Securities Ltd and Jigar Commodities and Derivatives Pvt Ltd

MEET THE FUND MANAGER



Sailesh Jain

**Fund Manager,
Tata Asset Management Ltd.**



With more than 16 years of experience in both fund management and broking, Sailesh joined Tata Asset Management in November 2018 as Fund Manager (Equities).



Sailesh started his career in 2003 at Refco-Sify securities as a fundamental and derivative analyst. He has worked as a Fund Manager at Lotus India Mutual Fund and has also headed the Derivatives desk at IIFL. His prior stints include IDFC Securities where he was heading the Institutional Derivatives desk.

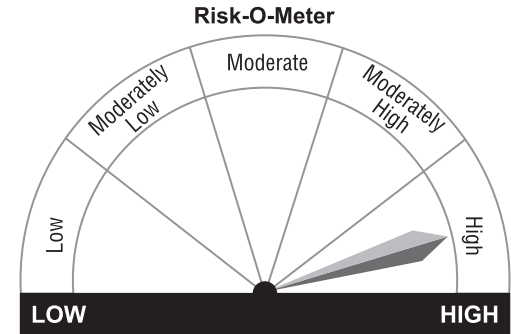


Sailesh is an MBA (Finance) from Queensland University of Technology from Australia.

This product is suitable for investors who are seeking*:

- Long Term Capital Growth
- An exchange traded fund that aims to provide returns that closely correspond to the returns provided by Nifty Private Bank Index, subject to tracking error.

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



Investors understand that their principal will be at High risk

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully

Toll Free Number : [1800-209-0101](tel:1800-209-0101) | SMS: [TMF to 57575](tel:57575) | www.tatamutualfund.com



Thank You

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