Nippon India ETF Shariah BeES
(formerly Reliance ETF Shariah BeES)
(An Open Ended Index Exchange Traded Scheme)

Product Label

This product is suitable for investors who are seeking*:

- Long-term capital appreciation.
- Investment in Securities covered by Nifty50 Shariah Index.

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

Continuous offer of Units at NAV based prices

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres /Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Nippon India Mutual Fund, Tax and Legal issues and general information on www.nipponindiamf.com / www.nipponindiaetf.com

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated October 31, 2019. The trustees have ensured that Nippon India ETF Shariah BeES is a new product offered by Nippon India Mutual Fund and is not a minor modification of the existing scheme/fund/product.

NAME OF MUTUAL FUND
Nippon India Mutual Fund (NIMF)

NAME OF ASSET MANAGEMENT COMPANY
Reliance Nippon Life Asset Management Limited (RNAM)
CIN : L65910MH1995PLC220793

NAME OF TRUSTEE COMPANY
Reliance Capital Trustee Co. Limited (RCTC)
CIN : U65910MH1995PLC220528

Registered Office (NIMF, RNAM, RCTC)
Reliance Centre, 7th Floor South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai - 400 055.
Tel No. - 022-43031000; Fax No. - 022-43037662
Website : www.nipponindiamf.com / www.nipponindiaetf.com
Disclaimer by the Index Provider:

Performance of the underlying index will have a direct bearing on the performance of the Scheme. In the event the index is dissolved or is withdrawn by the index provider, the Trustee reserves a right to modify the Scheme so as to track a different and suitable index and the procedure stipulated in the SEBI Regulations shall be complied with.

1. India Index Services & Products Ltd.: The owner and provider of the index
   a. “The product, i.e. Nippon India ETF Shariah BeES is not sponsored, endorsed, sold or promoted by NSE INDICES LIMITED (formerly known as India Index Services & Products Limited (“IISL”). NSE Indices Limited does not make any representation or warranty, express or implied to the Unit holders of any product or any member of the public regarding the advisability of investing in Securities generally or in any product particularly or the ability of the underlying index to track general stock market performance in India. The relationship of NSE Indices Limited to Reliance Nippon Life Asset Management Limited (RNAM) (formerly Reliance Capital Asset Management Limited) is only in respect of the licensing of certain trademarks and trade-names of the underlying index which is determined, composed and calculated by NSE Indices Limited without regard to the RNAM or any product. NSE Indices Limited has no obligation to take the needs of the RNAM or the Unit holders of the products into consideration in determining, composing or calculating the underlying index. NSE Indices Limited is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the products to be issued or in the determination or calculation of the equation by which the products are to be converted into cash. NSE Indices Limited has no obligation or liability in connection with the administration or marketing or trading of the products.”
   b. “NSE Indices Limited does not guarantee the accuracy and/or the completeness of the underlying index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. NSE Indices Limited makes no warranty, express or implied, as to the results to be obtained by the RNAM, Unit holders of the products or any other persons or entities from the use of the underlying index or any data included therein. NSE Indices Limited makes no express or implied warranties and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the underlying index or any data included therein. Without limiting any of the foregoing, in no event shall NSE Indices Limited have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.”

2. Disclaimers by NSE

   As required a copy of this SID has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given permission to the Fund to use the Exchange’s name in this SID as one of the stock exchange on which the Fund’s Units are proposed to be listed subject to, the Fund fulfilling the various criteria for listing. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this SID; nor does it warrant that the Fund’s Units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Fund, its promoters, its management or any Scheme or project of the Fund.

   Every person who desires to apply for or otherwise acquire any Units of the Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such Subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.
1. INVESTMENT OBJECTIVE
The investment objective of Nippon India ETF Shariah BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty50 Shariah Index by investing in Securities which are constituents of the Nifty50 Shariah Index in the same proportion as in the Index. Investors to note that Nippon India ETF Shariah BeES is not a Shariah compliant scheme. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved.

2. BENCHMARK INDEX
Nifty50 Shariah TRI, As applicable, the performance of the scheme wherever mentioned in the Scheme Information Document shall be benchmarked to the Total Return (TRI) variant of the benchmark.

3. FACE VALUE
Rs. 10/- per Unit

4. TYPE OF SCHEME
An open ended index scheme listed on the Exchange in the form of an Exchange Traded Fund (ETF) tracking the Nifty50 Shariah Index.

5. LIQUIDITY FACILITY
The Units of the Scheme can be bought / sold like any other stock on the stock exchange(s) on which these units are listed on all the trading days of the stock exchange. Alternatively, Authorised Participants and Large Investors can directly buy/sell Units with the Fund in Creation Unit size.

6. TRANSPARENCY/ NAV DISCLOSURE
a) The NAV will be calculated and disclosed at the close of every Business Day and uploaded on the AMFI website www.amfiindia.com and Nippon India Mutual Fund website i.e. www.nipponindiamf.com by 11.00 p.m. on the day of the declaration of the NAV. Further, AMC shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

(b) The NAV of the Scheme will be calculated and declared by the Fund on every Working Day. The information on NAV may be obtained by the Unitholders, on any business day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres. Investors may also obtain information on the purchase /sale price for a given day on any Working Day from the office of the AMC / the office of the Registrar in Hyderabad/ any of the other Designated Investor Service Centres. Investors may also note that Nippon India Mutual Fund shall service its customers through the call center from Monday to Saturday between 8.00 am to 9.00 pm. However, 24x7 facility shall be available for addressing the queries through interactive voice response (IVR) and for hot listing the Nippon India Any Time Money Card. Investors may also call Customer Service Centre at 1860-266-0111 (charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable).

(c) The AMC will disclose the Half-yearly Unaudited Financial Results in the prescribed format on the NIMF website i.e. www.nipponindiamf.com and communicate to the Unit holders with such timelines as may be prescribed under the Regulations from time to time.

(d) Providing of the Annual Reports of the respective Schemes within the stipulated period as required under the Regulations.

(e) The AMC shall disclose the scheme’s portfolio in the prescribed format as on the last day of the month/ Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. www.nipponindiamf.com and AMFI website www.amfiindia.com. The AMC shall communicate disclosure of Portfolio on a half-yearly basis to the Unit holders as may be prescribed under the Regulations from time to time.

(f) In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.

(g) In addition to above, the indicative NAV will be updated on AMCs website during market hours, at least once in every 2 hours.

(h) Since the scheme is listed on the exchange the listed price on respective stock exchange shall be applicable.

7. LOAD STRUCTURE
Entry Load - Nil
Exit Load - Nil

8. MINIMUM APPLICATION
i. Directly with Fund - The Investors can create/Redeem in exchange of Portfolio Deposit and Cash Component in Creation Unit size for the Scheme.

ii. On the Exchange - 1 Unit & in multiples thereof.

9. UNITS OFFERED
As the Units of the Scheme can be bought/sold directly from the Fund, this mechanism provides efficient arbitrage between the traded prices and the NAV, thereby reducing the incidence of the Units of the Scheme being traded at premium/discounts to NAV.

10. DEMATERIALISATION
The Units of the Scheme are available in dematerialized form. This helps in consolidating with other portfolio holdings.
I - INTRODUCTION

A. RISK FACTORS

1. STANDARD RISK FACTORS

   a) Investment in the Mutual Fund’s Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. Further, there is no assurance or guarantee that the objective of the Scheme will be achieved.

   b) As the price/value/interest rates of the Securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the factors and forces affecting the capital market in India.

   c) Past performance of the Sponsors/AMC/ Mutual Fund does not guarantee the future performance of the Scheme.

   d) The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. Investors are therefore urged to study the terms of the Scheme carefully and consult their investment advisor before they invest in the Scheme.

   e) From time to time and subject to the SEBI Regulations, the Sponsor, their affiliates, associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Scheme. These entities may acquire a substantial portion of the Scheme’s Units and collectively constitute a major Investor in the Scheme. Accordingly, Redemption of Units held by such entities may have an adverse impact on the Scheme because the timing of such Redemption may impact the ability of other Unit holders to Redeem their Units.

   f) The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Scheme beyond the initial contribution made by it of an amount of Rs. 1,00,000/- (Rupees One Lakh only) towards setting up of the Mutual Fund. The associates of the Sponsor are not responsible or liable for any loss or shortfall resulting from operation of the Scheme.

   g) Different types of Securities in which the Scheme would invest as given in this Scheme Information Document carry different levels and types of risks. Accordingly the Scheme’s risk may increase or decrease depending upon its investment pattern. For example, equity and Securities carry a higher amount of risk than debt Securities.

   h) As permitted under the SEBI Regulations, the AMC will engage the services of Distributors for the distribution of Units of the Scheme and may make differential payment to the Distributors based on varying fee structures as may be agreed between the AMC and each of the Distributors, the amount of which would typically be connected to the volume of sales.

   i) Investment decisions made by the AMC may not always be profitable.

   j) The present Scheme is not a guaranteed or assured return Scheme.

2. SCHEME SPECIFIC RISK FACTORS:

The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect the Scheme’s NAV, yield, return and/or its ability to meet its objective.

   a) Risks associated with investing in Equities

Subject to the stated investment objective, the Scheme proposes to primarily invest in equity and equity related Securities. The Scheme is intended for long-term Investors who can accept the risks associated with investing primarily in such Securities. Equity instruments by nature are volatile and subject to price fluctuations on a daily basis due to both macro and micro factors. Investors in equity and equity related Securities will be subject to the risks associated with equities, the values of which in general fluctuate in response to the activities of individual companies and general market and economic conditions. In particular, Investors should be aware that equity and equity related Securities are subordinate in the right of payment to other corporate Securities, including debt Securities. To the extent the Scheme invests in other schemes of the Mutual Fund or schemes of other mutual funds, Investors will be subject to the risks associated with such schemes and the underlying investments of such schemes. Any inability to dispose of Securities in a Scheme due to adverse market conditions or other factors could result either in losses to the Unit holders due to subsequent declines in value of such Securities.

   i) Concentration Risks

To the extent that the Scheme may concentrate its investments in the Securities of companies of certain sectors, the Scheme will therefore be subject to the risks associated with such concentration. In addition, to the extent the Scheme may invest in small capitalization and/or newly-established companies, the Scheme may be exposed to higher levels of volatility and risk than would generally be the case in a more diverse fund portfolio of equity Securities. Such risks may impact the Scheme to the extent that it invests in particular sectors even in cases where the investment objective is more generic.

   ii) Corporate Action and Proxy Voting

From time to time, the issuer of a Security held in the Scheme may initiate a corporate action relating to that Security. Corporate actions relating to equity Securities may include, among others, an offer to purchase new shares, or to tender existing shares, of that Security at a certain price. Certain corporate actions are voluntary, meaning that the Scheme may only participate in the corporate action it elects to do so in a timely fashion. Participation in certain corporate actions may enhance the value of the Scheme.

In cases where the Fund or the Fund Manager receives sufficient advance notice of a voluntary corporate action, the Fund Managers will exercise their discretion, in good faith, to determine whether the Scheme will participate in that corporate action. If the Fund Managers do not receive sufficient advance notice of a voluntary corporate action, the Fund Managers acting on behalf of the Scheme may not be able to timely elect to participate in that corporate action. Participation or lack of participation in a voluntary corporate action may result in a negative impact on the value of the Scheme.

The AMC may at its discretion exercise or procure the exercise of voting or other rights which may be exercisable in relation to Securities held by the Scheme, or at its discretion, elect not to exercise or procure the exercise of such voting or other rights. In
relation to the exercise of such rights the AMC has established guidelines for the exercise of voting or other rights wherein it is stated that for passive funds / ETFs we will generally be abstaining on resolutions.

**iii) Risks relating to Investing in Indian Markets**

Investments in India may be affected by political, social, and economic developments affecting India, which may include changes in exchange rates and controls, interest rates, government policies, diplomatic conditions, hostile relations with neighbouring countries, taxation policies including the possibility of expropriation or confiscatory taxation, imposition of withholding taxes on Dividend or interest payments, limitation on removal of funds or assets of the Scheme and ethnic, religious and racial disaffections or conflict.

The relative small size and inexperience of the Securities markets in India and the limited volume of trading in Securities may make the Scheme’s investments illiquid and more volatile than investments in more established markets.

In addition, the settlement systems may be less developed than in more established markets, which could impede the Scheme’s ability to effect portfolio transactions and may result in delayed settlement and the Scheme’s investments being settled through a more limited range of counter parties with an accompanying enhanced credit risk.

To the extent the Scheme is subject to margining or pre-payment systems, whereby margin or the entire settlement proceeds for a transaction is required to be posted prior to the settlement date, this can potentially give rise to credit and operational risks as well as potentially borrowing costs for the Scheme.

**b) Market Risk**

The NAV of the Scheme will react to the securities market movements. The Investor may lose money over short or long periods due to fluctuation in the Scheme’s NAV in response to factors such as economic, political, social instability or diplomatic developments, changes in interest rates and perceived trends in stock prices, market movements and over longer periods during market downturns. Investments may be adversely affected by the possibility of expropriation or confiscatory taxation, imposition of withholding taxes on Dividend or interest payments, limitations on the removal of funds or other assets of the Scheme. The Scheme may not be able to immediately sell certain types of illiquid Securities. The purchase price and subsequent valuation of restricted and illiquid Securities may reflect a discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.

**c) Market Trading Risks**

1. **Absence of Prior Active Market:** Although the Scheme is listed on NSE, there can be no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the Units of the Scheme would be infrequent.

2. **Trading in Units may be Halted:** Trading in the Units of the Scheme on NSE may be halted because of market conditions or for reasons that in view of NSE or SEBI, trading in the Units of the Scheme are not advisable. In addition, trading of the Units of the Scheme are subject to trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI ‘circuit filter’ rules. There can be no assurance that the requirements of NSE necessary to maintain the listing of the Units of the Scheme will continue to be met or will remain unchanged.

3. **Lack of Market Liquidity:** The Scheme may not be able to immediately sell certain types of illiquid Securities. The purchase price and subsequent valuation of restricted and illiquid Securities may reflect a discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.

4. **Units of the Scheme May Trade at Prices Other than NAV:** The Units of the Scheme may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of the holdings of the Scheme. The trading prices of the Units of the Scheme will fluctuate in accordance with changes in their NAV as well as market supply and demand for the Units of the Scheme. However, given that Units of the Scheme can be created and Redeemed in Creation Units directly with the Fund, it is expected that large discounts or premiums to the NAV of Units of the Scheme will not sustain due to arbitrage opportunity available.

5. **Regulatory Risk:** Any changes in trading regulations by NSE or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/discount to NAV.

6. **Risk of Substantial Redemptions:** Substantial Redemptions of Units within a limited period of time could require the Scheme to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Units being Redeemed and that of the outstanding Units of the Scheme. The risk of a substantial Redemption of the Units may be exacerbated where an investment is made in the Scheme as part of a structured product with a fixed life and where such structured products utilise hedging techniques. Please also refer Statement of Additional Information for additional details.

Regardless of the period of time in which Redemptions occur, the resulting reduction in the NAV of the Scheme could also make it more difficult for the Scheme to generate profits or recover losses. The Trustee, in the general interest of the Unit holders of the Scheme offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be Redeemed on any Working Day depending on the total “Saleable Underlying Stock” available with the Fund.

**d) Volatility Risk**

The equity markets are volatile and the value of Securities, other instruments correlated with the equity markets may fluctuate dramatically from day to day. This volatility may cause the value of investment in the Scheme to decrease.

**e) Redemption Risk**

Investors may note that even though the Scheme is an open-ended Scheme, the Scheme would ordinarily repurchase Units in Creation Unit Size. Thus Unit holdings less than the Creation Unit Size can only be sold through the secondary market on the Exchange unless any of the scenarios mentioned below have occurred:
• if the traded price of the ETF Units is at a discount of more than 3% to the NAV for continuous 30 days; or
• if discount of bid price to applicable NAV is more than 3% over a period of 7 consecutive trading days; or
• if no quotes are available on exchange for 3 consecutive trading days; or
• when the total bid size on the exchange is less than half of Creation Unit size daily, averaged over a period of 7 consecutive trading days.

(f) Asset Class Risk
The returns from the types of Securities in which the Scheme invests may under perform returns of general Securities markets or different asset classes. Different types of Securities tend to go through cycles of out-performance and under-performance in comparison of Securities markets.

(g) Passive Investments
The Scheme is not actively managed. The Scheme which is linked to the underlying index 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 its investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets.

(h) Tracking Error Risk
The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the Scheme, corporate actions, cash balance, changes to the underlying index and regulatory restrictions, which may result in Tracking Error with the underlying index. The Scheme’s returns may therefore deviate from those of the underlying index. “Tracking Error” is defined as the standard deviation of the difference between daily returns of the underlying index and the NAV of the Scheme. The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying Index.

Tracking Error may arise due to the following reasons: -
1. Expenditure incurred by the Fund.
2. Available funds may not be invested at all times as the Scheme may keep a portion of the funds in cash to meet Redemptions, for corporate actions or otherwise.
3. Securities trading may halt temporarily due to circuit filters.
4. Corporate actions such as debenture or warrant conversion, rights issuances, mergers, change in constituents etc.
5. Rounding-off of the quantity of shares in the underlying index.
6. Dividend payout.

SEBI Regulations (if any) may impose restrictions on the investment and/or divestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error.

SEBI Regulations (if any) may impose restrictions on the investment and/or divestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error.

(i) Investments in Overseas Financial Assets
If the Scheme invests in overseas financial assets as permitted under the applicable regulations, to the extent of such investments, there may be risks associated with currency movements, the nature of the securities market of the relevant country and restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in the regulations concerning exchange controls, political circumstances, bi-lateral conflicts or prevalent tax laws. Further the issuer of such security may be domiciled in a country other than India and the values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Investment in securities denominated in foreign currencies carry exchange rate risks related to depreciation in the value of foreign currency relative to the Indian Rupee.

Some Securities in which the Scheme may invest may be represented by ADRs and GDRs. ADRs are denominated in U.S. dollars and are sponsored and issued by U.S. banks. ADRs represent the right to receive securities of non-U.S. issuers deposited in a U.S. bank or a correspondent bank outside the United States. The Scheme may also invest in GDRs, which are receipts issued by a U.S., European or other international financial institution evidencing arrangements similar to ADRs. ADRs and GDRs are not necessarily denominated in the currency of the underlying security.

It is the AMC’s belief that overseas investments including those in ADRs / GDRs, foreign Securities and in overseas ETFs offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such overseas investments carry exchange rate risks related to depreciation of foreign currency and the country specific risks, in addition to the risks of investing in domestic Securities. The country specific risks would include events such as change in regulations or political circumstances like introduction of extraordinary exchange rate controls, restrictions on repatriation of capital due to exchange rate controls, bi-lateral political tensions leading to immobilization of overseas financial assets and the applicable tax Laws of the respective jurisdiction for the execution of trades or otherwise. Such overseas investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme may invest only partially in overseas markets, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.
Certain markets may require payment for Securities to be made before delivery, subjecting the Scheme with the accompanying credit risk.

i) Currency Risk

Where Securities of the Scheme are denominated in a different currency from the Indian Rupee, Investors should note that the NAV will be calculated in the Indian Rupee equivalent of that currency. Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, the NAV to fluctuate as well. Currency exchange rates can be affected unpredictably by a number of factors, including intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world.

Restrictions on currency trading that may be imposed will have an adverse effect on the value of the Securities of companies that trade or operate in countries subject to such restrictions. The repatriation of capital to India may also be impacted by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

In addition, country risks include events such as introduction of extraordinary exchange controls, bi-lateral conflicts, etc., leading to immobilization of the overseas financial assets and the prevalent tax Laws of the respective jurisdiction for execution of trades or otherwise.

To the extent that the Scheme engages in any currency transactions, the Scheme may be subject to the risk that counterparties may default on their obligations as these contracts may not be guaranteed by an exchange or clearing house. A default on a contract may potentially deprive the Scheme of unrealised profits, transaction costs and the hedging benefits of the contract or force the Scheme to cover its purchase or sale commitments, if any, at the current market price.

To the extent that the Scheme is fully invested in Securities while also maintaining currency positions, it may be exposed to a greater combined risk in comparison to investing in a fully invested Scheme (without currency positions). The use of currency transactions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the AMC is incorrect in its forecasts of market values and currency exchange rates, the investment performance of the Scheme would be less favourable than it would have been if this investment technique was not used.

Currency transactions are generally effected on a spread meaning that there is a difference between the price at which each currency can be bought and the price at which it can be sold, which spread is kept by the relevant intermediaries and is a cost to the Scheme. Investors should note that the Custodian may have responsibility in a variety of different situations for effecting currency transactions on behalf of the Scheme and that some or all of the transaction spread may accrue to itself.

A scheme may or may not seek to hedge all or any portion of its foreign currency exposure. However, even if a scheme attempts such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of units denominated in non-base currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations.

ii) Limits of Investment in Foreign Securities

As per the SEBI Regulations, a mutual fund is permitted to invest US $ 300 million in foreign Securities. However, the overall limit for the mutual fund industry is US $ 7 billion. The Scheme therefore may or may not be able to utilise the limit of US $ 300 million due to the US $ 7 billion limit being exhausted by other mutual funds. Further, the overall ceiling for investment in overseas Exchange Traded Funds (ETFs) that invests in Securities is US $ 1 billion subject to a maximum of US $ 50 million per mutual fund. As and when the investment limits are breached, the Subscriptions would be stopped till such time that the assets under management in the Scheme would decrease from the threshold limit as mentioned in the SEBI Regulations.

iii) Restrictions on Foreign Investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities. Certain countries may restrict investment opportunities in issuers or industries or securities deemed important to national interests. The manner, in which foreign investors may invest in companies/securities in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Scheme. Certain risk arises from the inability of a country to meet its financial obligations. The risk encompassing economic, social and political conditions in a foreign country might adversely affect the interest of the Scheme.

iv) Overseas Stock Exchange

The Scheme shall invest in Securities listed on the overseas stock exchange. Hence all the risk factors pertaining to overseas stock exchange like market trading risk, liquidity risk and volatility risk, as mentioned earlier, are also applicable to the Scheme.

v) Settlement Risks

The Scheme will be exposed to settlement risk, as different countries have different settlement periods.

vi) Investments in Overseas Mutual Fund Schemes

If the Scheme intends to invest in the Units of overseas mutual fund schemes including Exchange Traded Funds, then schemes specific risk factors of such underlying schemes will be applicable. All risks associated with such schemes, including performance of their underlying stocks, stock-lending, off-shore investments, liquidity, etc., will therefore be applicable in this Scheme. Investors who intend to invest in the Scheme are required to and deemed to have understood the risk factors of the underlying schemes.

vii) Redemption by exchange of Portfolio Deposit

In case a Unit holder wishes to Redeem in Creation Unit size, the Units of the Scheme by exchange of Portfolio Deposit, then
such Unit holder is required to have a securities account, etc. in their respective jurisdiction which permits them to hold such Securities and which will enable the AMC to transfer the constituents of the underlying index.

(j) Calculation of NAV

From time to time, materiality thresholds may apply insofar as it relates to errors in the calculation of NAV in accordance with SEBI Regulations. Unit holders should note that the AMC may not pay the Unit holders or the Scheme the amount of any difference in circumstances where any such materiality thresholds provided under SEBI Regulations are not exceeded. Therefore such differences may lead to a different economic result than if such amounts were paid and such errors, which are deemed to be immaterial, will not lead to a reissued and corrected NAV.

As a result, Investors/ Unit holders who have Subscribed for or Redeemed Units of the Scheme on a day on which the materiality thresholds had been applied, the Investors / Unit holders may receive a different economic result than they would have received had the error in calculation of the NAV not happened.

(k) Investments by the Scheme in other schemes

The Scheme may invest in other scheme(s) managed by the AMC or in schemes of other mutual funds, provided such investments are in conformity with the investment objectives of the Scheme and in accordance with terms of the prevailing SEBI Regulations. Such investments in other schemes may provide the Scheme access to a specialised investment area or economic sector which can be more effectively accessed by investing in the underlying scheme(s). The Fund Manager will only make such investments if it determines in its discretion that to do so is consistent with the interests of the Unit holders of the Scheme.

The Scheme may invest in schemes operated by third parties. Considering third parties are not subject to the oversight or control of the AMC, the Fund Manager may not have the opportunity to verify the compliance of such schemes with the laws and regulations applicable to them.

It is possible that a number of underlying scheme(s) might take substantial positions in the same security at the same time. This inadvertent concentration may interfere with the Scheme’s goal of diversification. The AMC would attempt to alleviate any potential inadvertent concentration as part of its regular monitoring and reallocation process. Conversely the AMC may at any given time, hold opposite positions, such position being taken by different underlying scheme(s). Each such position shall result in transaction fees for the Scheme without necessarily resulting in either a loss or a gain. Moreover, the AMC may proceed to a reallocation of assets between the underlying scheme(s) and liquidate investments made in one or several of them.

Further, many of the underlying scheme(s) in which the Scheme may invest could use special investment techniques or concentrate its investments in only one geographic area or asset investment category, which may subject the Scheme’s investments to risks different from those posed by investments in equity or fixed income scheme(s) or risks of the market and of rapid changes to the relevant geographic area or investment category.

When the Scheme invests in other schemes, the Unit holders in the Scheme will also incur fees and expenses (such as, but not limited to, management fees, custody fees, registrar fees, audit fees, etc.) at the level of the underlying scheme in accordance with the offering documents of the relevant scheme(s) and the limits prescribed under the SEBI Regulations.

No assurance can be given that the strategies employed by other schemes in the past to achieve attractive returns will continue to be successful or that the return on the Scheme’s investments will be similar to that achieved by the Scheme or other schemes in the past.

(l) Risk Factors relating to Portfolio Rebalancing

In the event that the asset allocation of the Scheme deviates from the ranges as provided in the asset allocation table in this SID, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table. However, if market conditions do not permit the Fund Manager to rebalance the portfolio of the Scheme within the stipulated period then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications.

(m) Risk Factors in case of Corporate Actions

In case the Scheme invests in stocks of companies outside the Index due to corporate actions, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table. However, if market conditions do not permit exiting the corporate action then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications.

(n) Uncertain Tax Positions

Prospective Investors should be aware that tax Laws and regulations are constantly changing and that they may be changed with retrospective effect. Moreover, the interpretation and application of tax Laws and regulations by certain tax authorities may not be clear, consistent or transparent. As a result of uncertainty relating to the Fund’s potential tax liabilities, including on any historical realized or unrealized gains, as well as liabilities that may arise as a result of investments made by the Scheme which have not reflected tax liabilities in their valuation, the NAV of the Scheme on any dealing day may not accurately reflect such liabilities (including those that are imposed with retrospective effect). In addition, the NAV of the Scheme on any dealing day may reflect an accrual for potential tax liabilities that may subsequently not be paid. Accounting standards may also change, creating an obligation for the Fund to accrue for a potential tax liability that was not previously required to be accrued or in situations where the Fund does not expect to be ultimately subject to such tax liability.

In the event that the Fund subsequently determines to accrue for tax liabilities and/or is required to pay amounts relating to tax liabilities that had not previously been accrued and/or any Scheme investments result in tax liabilities that were not reflected in their valuation (including historic investments), the amount of any such determination or payment will generally be allocated among the Unit holders of the applicable Scheme at the time of such determination or payment, rather than when the income or transaction to which such taxes relate was earned or occurred. Moreover, in the event that the Fund subsequently determines that an accrual for potential
tax liabilities exceeds or will exceed the liability for such taxes, the benefit from any such determination will generally be allocated among the Unit holders of the applicable Scheme at the time of such determination, rather than when the income or transaction in respect of which such taxes were accrued was earned or occurred, and Unit holders who previously Redeemed Units of the Scheme will not receive additional compensation or otherwise share such benefit. Unit holders will not be notified of any of the foregoing determinations or payments.

Unit holders that invest in the Units of a Scheme at a time during which any liabilities for taxes are not accrued will invest in the Units of the Scheme at a lower NAV than such Unit holders would have invested had such liabilities been accrued at the time of the applicable investment. In addition, the returns of the Scheme may be considered to have been subject to an inadvertent leverage effect in that those additional assets would have been invested in accordance with the usual investment policy of the Scheme. On the other hand, Unit holders that Redeem Units of a Scheme at a time during which potential liabilities for taxes are accrued will Redeem Units of the Scheme at a lower NAV than if such liabilities had not been accrued at the time of the applicable Redemption. In that situation the Scheme may also be considered to have been subject to an inadvertent under investment effect if that accrual of taxes is not subsequently paid.

(s) Risks relating to withholding tax under FATCA

Pursuant to U.S. withholding provisions commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), payments of U.S. source fixed or determinable, annual or periodic income, certain payments made after December 31, 2016 of gross proceeds from the sale or other disposition of property that could produce U.S. source interest or dividends, and certain payments (or a portion thereof) made after 31 December 2016 by a foreign financial institution, to a foreign financial institution or other foreign entity will be subject to a withholding tax of thirty percent (30%) unless it is compliant with various reporting requirements under FATCA. The United States has reached an agreement in substance with respect to an intergovernmental agreement with the Government of India regarding the implementation of FATCA by Indian financial institutions (the "Indian IGA"). Under FATCA and the Indian IGA, the Scheme will be treated as a “foreign financial institution” for this purpose. As a foreign financial institution, in order to be compliant with FATCA, the Scheme will be required to, among other requirements: (i) obtain and verify information on all of its Unit holders to determine which Unit holders are “Specified U.S. Persons” (i.e., U.S. Tax Persons other than tax-exempt entities and certain other persons) and, in certain cases, non-U.S. persons whose owners are Specified U.S. Persons (“U.S. Owned Foreign Entities”); and (ii) annually report information on its Unit holders that are non-compliant with FATCA, Specified U.S. Persons and U.S. Owned Foreign Entities to the Government of India. The Government of India will exchange the information reported to it with the IRS annually on an automatic basis. No assurances can be provided that the Scheme will be exempt from this thirty percent (30%) withholding tax.

Any Unit holder that fails to produce the required information or is otherwise not compliant with FATCA may be subject to thirty percent (30%) withholding on all or a portion of any redemption or distribution payments made by the Scheme after December 31, 2016. Moreover, each Unit holder should be aware that as a result of an investment in the Scheme, the tax authorities in the Unit holder’s jurisdiction of tax residence may be provided information relating to such Unit holder, pursuant to the provisions of a treaty, an intergovernmental agreement or otherwise, directly or indirectly by the Scheme. Unit holders should consult their own tax advisors regarding the potential implications of this withholding tax.

(t) Material Interests of Associates of the Sponsor, AMC & Trustee Company

The sponsor is Nippon Life Insurance Company, one of the largest insurance companies in Japan, with more than 11 million customers and 70,000 employees.

The following are a few examples of situations where there may be conflicts of interest between the AMC and the other related businesses. They are not, and are not intended to be, a complete enumeration or explanation of all of the material interests that may arise.

• The AMC will make investment decisions for the Scheme as it believes are in the fiduciary interests of the Scheme. Our Sponsors and their associates may also take similar investment decisions or may even take directionally opposite positions, based on their independent analysis. We have Conflict of Interest Policy that requires us to act in a manner that does not prejudice the interests of our investors in any manner vis-a-vis group or associate companies or put one set of investors to an advantage or disadvantage on account of another. This also includes restrictions on sharing of trading information.

• NIMF may also use the services of Group entities as a broker or distributor or service provider on strictly arms length basis.

• The AMC in its sole discretion will determine whether the Scheme will participate in investment opportunities and investors should not expect that the Scheme will participate in any particular investment opportunities.

• The directors, officers, and employees of Nippon India Mutual Fund may buy and sell securities or other investments for their own Accounts within the bounds of the Personal Securities Trading Policy (PSTP) laid down by the company.

Subject to applicable Laws, the AMC, may, from time to time, in-source or outsource certain processes or functions in connection with a variety of services that it provides to the Scheme in its administrative or other capacities.

Any investments in Group and Associate companies will be subject to SEBI Regulations in this regard.

(o) Valuation of the Scheme’s Investments

The AMC carries out valuation of investments made by the Scheme. The AMC values Securities and assets in the Scheme according to the valuation policies described in the Statement of Additional Information.
(q) **Proxy Voting by the AMC**

The AMC has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of the Scheme, and to help ensure that such decisions are made in accordance with its fiduciary obligations to the Scheme. Notwithstanding proxy voting policies and procedures, proxy voting decisions made by the AMC with respect to Securities held by the Scheme may benefit the interests of RNAs and Accounts other than the Scheme.

(r) **Error and Error Correction**

The AMC has procedures for determining when the AMC will reimburse the Scheme for losses that result from errors by the AMC. Pursuant to such procedures, an error is generally compensable from the AMC to the Scheme when it is a mistake (whether an action or inaction) in which the AMC has deviated from the applicable standard of care under the SEBI Regulations in managing the Scheme’s assets, subject to certain materiality and other policies summarized below.

The Code of Conduct under the SEBI Regulations requires the AMC to render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement. Although the AMC would seek to follow such requirements, mistakes could occur, which mistakes would not be compensated by the AMC unless they are not in accordance with the requirements under the SEBI Regulations or any materiality thresholds prescribed therein. The AMC’s policies do not require perfect implementation of investment management decisions, trading, processing or other functions performed by the AMC or its affiliates. Therefore, not all mistakes will be considered compensable errors. Imperfections, including without limitation, imperfect in the implementation of investments, execution, cash flow, rebalancing, processing instructions or facilitation of securities settlement; imperfection in processing corporate actions; or imperfection in the generation of cash or holdings reports resulting in trade decisions, are generally not considered by the AMC to be violations of standards of care regardless of whether implemented through programs, models, tools or otherwise. As a result, such imperfections, including, without limitation, mistakes in amount, timing or direction of a trade, are generally not compensable errors unless such imperfections or mistakes are not in accordance with the requirements under the SEBI Regulations or any materiality thresholds prescribed therein.

Mistakes may also occur in connection with other activities that may be undertaken by the AMC and its affiliates, such as NAV calculation, transfer agent activities (i.e., processing Subscriptions and Redemptions), fund accounting, trade recording and settlement and other matters that are non-advisory in nature and may not be compensable unless they deviate from the applicable standards, SEBI Regulations or any materiality thresholds prescribed therein. Unit holders will generally not be notified of the occurrence of an error if such error is determined to be non compensable.

Mistakes may result in gains as well as losses. In applying its error and error correction policies, the AMC may determine that it is appropriate to reallocate or remove gains from the Scheme’s account that are the result of a mistake.

The AMC makes its determinations pursuant to its error procedures on a case-by-case basis, based on the materiality of the resulting losses. For example, mistakes that result in losses below a threshold (as provided in the SEBI Mutual Fund Regulations) will not be compensable.

When the AMC determines that reimbursement by the AMC is appropriate, compensation received by the Scheme is generally expected to be limited to direct and actual losses, which may be calculated based on factors the AMC considers relevant. Compensation generally will not include any amounts or measures that the AMC determines are speculative or uncertain, including potential opportunity losses or other forms of consequential or indirect losses, and when calculating compensation, the AMC generally will not consider tax implications for, or the tax status of, the Scheme.

The AMC will consider any errors in the calculation of the NAV of the Scheme in order to determine whether corrective action is necessary or compensation is payable to the Scheme or the Unit holders.

The AMC, may, in their sole discretion, authorise the correction of errors, which may impact the processing of Subscriptions for and Redemptions of Shares. The AMC may follow materiality policies with respect to the resolution of errors that may limit or restrict when corrective action would be taken or when compensation to the Scheme or Unit holders will be paid. In addition, subject to policies approved by the AMC consistent with applicable Law, not all mistakes will result in compensable errors.

Unit holders may not be notified of the occurrence of any error or the resolution thereof unless the materiality thresholds provided under SEBI Regulations are exceeded and the correction of the error requires a payment/ recovery of any amounts to/from the Unit holders.

(s) **Investments in ETF by Insurers and Insurance companies/corporations registered with the Insurance Regulatory Development Authority**

Investments in ETFs by Insurers and Insurance companies/corporations registered with the Insurance Regulatory Development Authority ("IRDA") are at all times subject to regulation by the IRDA, any other governmental or regulatory authority and compliance with applicable Laws and regulations. Any such investment in the Scheme may be affected in case of any changes in the applicable Laws and regulations and also in case of any new requirements of the IRDA or any other governmental or regulatory authority. It shall be the sole responsibility of the insurers and insurance companies/corporations investing in the Scheme to ensure compliance with any such requirements, Laws or regulations and to determine the appropriateness of the investment in the Scheme after independent consultations with their own advisors. At no time shall the AMC or the Fund be responsible for any investments made by any insurer or insurance company/corporation in the Scheme or for any losses that they may incur as a result of such an investment.

(t) **Scheme not being a Shariah compliant scheme**

Investors / Unit holders should note that in accordance with its investment objective, Nippon India ETF Shariah BeES only invests in Securities which are represented in the Nifty50 Shariah index. However, Nippon India ETF Shariah BeES does not represent itself to be a Shariah compliant scheme. In Particular, Nippon India ETF Shariah BeES has not appointed a Shariah board and currently does not follow any Shariah dividend purification process.
(u) **Index Risk**

The Scheme restricts its investments only in the Securities of the Nifty50 Shariah Index which is based on certain principles. As the Scheme is linked to a particular index which pertains to certain principles, the Investment Manager would have to invest in the companies comprising the index whereby there is no diversification.

**B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

As the Scheme is an Exchange Traded Scheme, the provisions of minimum number of Investors and maximum holding of the Investors are not applicable as per SEBI Regulations and circulars.

**C. SPECIAL CONSIDERATIONS**

- An investment in the Units of the Scheme does not constitute a complete investment programme and Investors may wish to complement an investment in the Scheme with other types of investments.
- Prospective Investors should review/study the SAI along with this SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the Subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or Redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or Redemption or conversion into money) of Units within their jurisdiction/nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to Purchase/gift Units are subject, and also to determine possible legal, tax, financial or other consequences of Subscribing/gifting to, Purchasing or holding Units before making an application for Units.
- Neither this SID and the SAI, nor the Units have been registered in any jurisdiction outside India. The distribution of this SID in certain jurisdictions may be restricted or subject to registration and accordingly, anyone who gets possession of this SID is required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of the SAI and/or this SID or any accompanying Application Form in such jurisdiction may treat the SAI and this SID or such Application Form as constituting an invitation to them to subscribe for Units or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so, nor should they in any event use any such Application Form unless, in the relevant jurisdiction such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance of any registration or other legal requirements. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for Units pursuant to this SID to inform themselves of and to observe, all applicable laws and regulations of such relevant jurisdiction. Any changes in SEBI/NSE/BSE/RBI regulations and other applicable Laws/regulations could have an effect on such investments and valuation thereof.

- The AMC through itself or through its subsidiaries is restricted from undertaking any business activities that conflict across different activities. The absence of conflict of interest has been disclosed in this SID and the SAI. In the event that there is an unavoidable conflict of interest, the AMC shall satisfy itself that disclosures are made of the source of the conflict of interest, potential ‘material risk of damage’ to Investor interests and detailed parameters for the same are furnished.

- The AMC through itself or though its subsidiaries is restricted from undertaking any business activities that conflict across different activities. The absence of conflict of interest has been disclosed in this SID and the SAI. In the event that there is an unavoidable conflict of interest, the AMC shall satisfy itself that disclosures are made of the source of the conflict of interest, potential ‘material risk of damage’ to Investor interests and detailed parameters for the same are furnished.

- Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise due to Redemptions.

- Any tax benefits described in this SID are as available under the present taxation Laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the Laws and practice in force in India as on the date of this SID, and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor is advised to consult his / her / their own professional tax advisor.

- Under certain circumstances, the Trustees / AMC may mandatorily Redeem Units of the Scheme as provided in Section III B ‘Ongoing Offer Details – Redemption – General Provisions’.

- If the Units are held by any person in breach of the SEBI Regulations, Law or requirements of any governmental, statutory authority including, without limitation, exchange control regulations, the Mutual Fund may mandatorily Redeem all the Units of any Unit holder where the Units are held by a Unit holder in breach of the same. The Trustee may further mandatorily Redeem Units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.

- If a Unit holder makes a Redemption request immediately after Purchase of Units, the Mutual Fund shall have a right to withhold the Redemption request in accordance with the conditions provided in the Statement of Additional Information. However, this is only applicable if the value of Redemption is such that some or all of the freshly Purchased Units may have to be Redeemed to effect the full Redemption.
• **Extract of the Voting Policy of the AMC applicable to ETFs/ Index Funds such as this Scheme:** In relation to its schemes that are exchange traded funds (ETFs) or index funds which are based on various indices, the Mutual Fund invests in such ETFs / index based funds based on the index which is being tracked by such scheme. In relation to the exercise of such rights the AMC has established guidelines for the exercise of voting or other rights wherein it is stated that for passive funds / ETFs we will generally be abstaining on resolutions.

• **Anti Money Laundering ("AML"):** Nippon India Mutual Fund is committed to comply with all applicable anti money laundering laws and regulations in all of its operations. In India, the Prevention of Money Laundering Act, 2002 (PMLA) the rules issued there under have been notified. Further, SEBI has also issued guidelines / circulars regarding AML Laws which are required to be followed by the intermediaries. Nippon India Mutual Fund recognizes the value and importance of creating a business environment that strongly discourages money launderers from using Nippon India Mutual Fund. To that end, the Mutual Fund and, the AMC have formulated and implemented a client identification programme and to verify and maintain the record of identity and address(es) of Investors.

• **Know Your Customer ("KYC"):** With effect from 1st January 2011, KYC (Know Your Customer) norms are mandatory for investors for making investments in Mutual Funds, irrespective of the amount of investment Further, in order to reduce hardship and help investors dealing with SEBI intermediaries, SEBI issued three circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 dated December 23, 2011 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency ("KRA") Regulations 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification ("IPV"). SEBI has issued circular no. CIR/MIRSD/66/2016 dated July 21, 2016 and no. CIR/MIRSD/120/2016 dated Nov. 10, for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual funds with effect from 1st Feb 2017. For more details refer to SAI.

**Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:**

Investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to Nippon India Mutual Fund (NIMF) / Reliance Nippon Life Asset Management Limited ("the AMC") / Karvy Fintech Private Limited (Karvy) its Registrar and Transfer Agent:

i. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit the PAN or one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.

The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

ii. Where the investor is a non-individual, Aadhaar numbers and PANs (as defined in Income-tax Rules, 1962) of managers, officers or employees or persons holding an attorney to transact on the investor’s behalf is required to be submitted, apart from the constitution documents. In case PAN is not submitted, an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

It may be noted that the requirement of submitting Form 60 is not applicable for investment in mutual fund units. For more details kindly refer SAI and FAQs on our website www.nipponindiaetf.com

Investors are requested to note that pursuant to the direction issued by Hon’ble Supreme Court on March 13, 2018 in Writ Petition (Civil) no. 494/ 2012 and Notification No. 1/2018/F. No. P.120111/24/2017- ES Cell-DoR from Ministry of Finance (Department of Revenue) dated March 31, 2018 the effective date for mandatory submission of Aadhaar has been deferred till further notice.

The need to ‘Know Your Customer’ is vital for the prevention of money laundering. The Trustees / AMC may seek information or obtain and retain documentation used to establish identity. It may re-verify identity and obtain any missing or additional information for this purpose.

The Trustees / AMC shall have absolute discretion to reject any application, or prevent further transactions by a Unit holder, if after due diligence, the Investor / Unit holder / a person making the payment on behalf of the Investor does not fulfill the requirements of the ‘Know Your Customer’ or the Investor / Unit holder does not provide information relating to its beneficial ownership or the Trustees / AMC believes that the transaction is suspicious in nature as regards money laundering. In this behalf the Trustees / AMC reserves the right to reject any application and / or effect a mandatory Redemption of Units allotted to the Unit holder.

If after due diligence, the Trustees / AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent authorities under PMLA and rules / guidelines issued thereunder by SEBI and / or the RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules / guidelines issued thereunder by SEBI and / or RBI without obtaining the prior approval of the Investor / Unit holder / any other person.

**D. DEFINITIONS**

In this Scheme Information Document, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

| Aadhaar | Aadhaar number issued by the Unique identification Authority of India (UIDAI) |
| ADRs & GDRs | ADRs’ means American Depository Receipt and ‘GDRs’ means Global Depository Receipt. ADRs are negotiable certificates issued to a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in US$. GDRs are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on exchange of another country. |
**Asset Management Company (AMC/RNAM)/Investment Manager**: Reliance Nippon Life Asset Management Limited, the Asset Management Company incorporated under the Companies Act, 1956, having its Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai - 400 055. and authorised by SEBI to act as an asset management company/investment manager to the Scheme of the Fund.

**Applicable NAV**: Unless otherwise stated in this document, Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which the application for purchase or redemption/switch is received at the designated investor service centre and is considered accepted on that day. An application is considered accepted on that day, subject to it being complete in all respects and received prior to the cut-off time on that Business Day.

**Application Form**: Application Form’ means a form meant to be used by an Investor to open a folio and/or Purchase Units in the Scheme. The Application Form would include forms such as the common Application Form, SIP auto debit form, nomination form, and any other form for Purchase of Units as required.

**Authorised Participants**: Member of the National Stock Exchange of India Ltd. or any other recognised stock exchange and their nominated entities/persons, or any other person(s) who is/would be appointed by the AMC/Fund to act as Authorized Participant for the Scheme.

**Creation Unit**: 'Creation Unit', is a fixed number of Units of the Scheme, which is exchanged for a basket of shares underlying the Nifty50 Shariah index, called the "Portfolio Deposit" and a “Cash Component”. For Redemption of Units it is vice versa, i.e. a fixed number of Units of the Scheme and cash component are exchanged for Portfolio Deposit.

**Custodian**: 'Custodian' means Deutsche Bank A.G., who has been granted a certificate of registration by SEBI under the SEBI (Custodian of Securities) Regulations, 1996 and for the time being appointed by the Fund for rendering custodial services for the Scheme in accordance with the SEBI Regulations.

**Cut-off time**: ‘Cut-off time’ means a time prescribed in the SID upto which an Investor can submit a Purchase request / Redemption request for that Working Day.

**Depository**: ‘Depository’ means a body corporate as defined in the Depositories Act, 1996 and includes National Securities Depository Ltd. (NSDL) and Central Depository Systems Ltd (CDSL).

**Depository Participant**: Depository Participant’ means a person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.

**Derivative**: ‘Derivative’ means a financial instrument, traded on or off an exchange, the price of which is directly dependent upon (i.e., ‘derived from’) the value of one or more underlying Securities, equity indices, debt instruments, commodities, other Derivative instruments, or any agreed upon pricing index or arrangement (e.g., the movement over time of the consumer price index or freight rates) etc. Derivatives involve the trading of rights or obligations based on the underlying product, but do not directly transfer property.

**Dividend**: Dividend’ means the income distributed by the Fund on Units.

**Entry Load**: ‘Entry Load’ means Load on Purchase /Subscription of Units.

**Exit Load**: ‘Exit Load’ means Load on repurchase/Redemption of Units.

**Exchange/Market**: ‘Exchange’/ ‘Market’ means Recognized Stock Exchange(s) where the Units of the Scheme are listed.

**ETF**: ‘Exchange Traded Fund’/ ‘ETF’ means a fund whose Units are listed on an Exchange and can be bought/sold at prices, which may be close to the NAV of the Scheme.

**FPI**: ‘Foreign Portfolio Investors’ / ‘FPI’ means Foreign Portfolio Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time.

**Fund Manager**: ‘Fund Manager’ means the fund manager of the Scheme, details of whom are provided in the Section II of this SID.

**Index Fund**: ‘Index Fund’ means a mutual fund scheme, which invests in Securities in the same proportion that constitutes the underlying index.

**Investor**: ‘Investor’ means any resident or non-resident person whether individual or a non-individual who is eligible to subscribe for Units under the laws of his/her/their state/country of incorporation, establishment citizenship, residence or domicile and under the Income Tax Act, 1961 including amendments made from time to time and who has made an application for subscribing Units under the Scheme. Under normal circumstances, a Unit holder would be deemed to be an Investor.

**Investor Service Centres/ISC / Designated Investor Service Centres (DISC)**: ‘Investor Service Centres’/ ‘ISC’ means such offices of the Registrar and/or the AMC which are designated as Investor Service Centres by the AMC from time to time, details of which will be available on the website of the Mutual Fund.

**Investment Management Agreement (IMA)**: The Agreement entered into between Reliance Capital Trustee Co. Limited and Reliance Nippon Life Asset Management Limited by which RNAM has been appointed the Investment Manager for managing the funds raised by NIMF under the various Schemes and all amendments thereof.

**Law**: ‘Law’ means the laws of India, the SEBI Regulations and any other applicable regulations for the time being in force in India including guidelines, directions and instructions issued by SEBI, the Government of India or RBI from time to time for regulating mutual funds generally or the Fund particularly.

**Large Investor**: ‘Large Investor’ means an Investor who is eligible to invest in the Scheme and who would be creating Units of the Scheme in Creation Unit size by depositing Portfolio Deposit and Cash Component. Further Large Investor would also mean those Investors who would be Redeeming Units of the Scheme in Creation Unit size.
**Load**: 'Load' means a charge that may be levied as a percentage of NAV at the time of entry into the Scheme or at the time of exit from the Scheme.

**NAV**: 'NAV' means Net Asset Value per Unit of the Scheme calculated in the manner described in this SID or as may be prescribed by the SEBI Regulations from time to time.

**Non-Resident Indian / NRI**: 'Non-Resident Indian' / 'NRI' means a person resident outside India who is a citizen of India or is a Person of Indian Origin as per the meaning assigned to the term under Foreign Exchange Management (Deposit) Regulations, 2000.

**NFO**: 'NFO' means New Fund Offer.

**NSE**: 'NSE' means the National Stock Exchange of India Ltd., a Stock Exchange recognized by the Securities and Exchange Board of India.

**NSE Indices Limited**: NSE Indices Limited is a 100% subsidiary of the National Stock Exchange of India Limited.

**Nifty50 Shariah Index**: 'Nifty50 Shariah Index' means an index owned and operated by NSE Indices Limited.

**Official Points of Acceptance**: 'Official Points of Acceptance' means the specified centres of the Registrar and/or the AMC designated for collection of the Application Form(s)/Transaction Slip(s), details of which will be available on the website of the Mutual Fund.

**Ongoing Offer**: 'Ongoing Offer' means the offer of Units under the Scheme when it becomes open-ended after the closure of the NFO period.

**Ongoing Offer Period**: 'Ongoing Offer Period' means the period during which the Ongoing Offer for Subscription to the Units of the Scheme is made.

**Person of Indian Origin / PIO**: 'Person of Indian Origin' / 'PIO' means a citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b).

**Purchase / Subscription**: 'Purchase' / 'Subscription' means purchase of / subscription to Units by an Investor of the Scheme.

**Purchase Price**: means the price (being Applicable NAV plus Entry Load, if any) at which the Units can be purchased and calculated in the manner provided in the Scheme Information Document.

**Nippon India ETF Shariah BeES**: 'Nippon India ETF Shariah BeES' means an Exchange Traded Fund listed on NSE.

**RBI**: means the Reserve Bank of India established under The Reserve Bank of India Act, 1934.

**Nippon India Mutual Fund (NIMF) / Mutual Fund / the Fund**: Nippon India Mutual Fund (formerly known as Reliance Capital Mutual Fund), a Trust under Indian Trust Act, 1982 and registered with SEBI vide registration number MF/022/93/1 dated June 30, 1995.

**Reliance Capital Trustee Co. Limited (RCTC) / Trustee / Trustee Company**: Reliance Capital Trustee Co. Limited, a Company incorporated under the Companies Act, 1956, and authorized by SEBI and by the Trust Deed to act as the Trustee of NIMF.

**Redemption / Redeem**: means repurchase of Units by the Fund from a Unit holder.

**Redemption Price**: means the price (being Applicable NAV minus Exit Load) at which the Units can be Redeemed and calculated in the manner provided in this Scheme Information Document.

**Registrar**: means Karvy Fintech Private Limited, registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as registrar and transfer agent to the Scheme or any other registrar appointed by the AMC from time to time.

**Saleable Underlying Stock**: means the Securities of the underlying index which form part of the holdings of the Scheme, as certified by the Custodian and can be readily sold.

**Scheme**: means Nippon India ETF Shariah BeES offered through this SID.

**Scheme Related Documents**: 'Scheme Related Documents' means and includes this Scheme Information Document ("SID")/ Key Information Document ("KIM")/ Statement of Additional Information ("SAI") issued by the Mutual Fund, offering Units of the Scheme for Subscription.

**SEBI**: means the Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992 as amended from time to time.

**SEBI Regulations**: means SEBI (Mutual Funds) Regulations, 1996 as amended from time to time including any circulars, directions or clarifications issued by SEBI or any Government authority and as applicable to the Scheme and the Fund.

**Securities**: shall have the meaning as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 of India; and also includes shares, stocks, bonds, debentures, warrants, instruments, obligations, Money Market Instruments, debt instruments or any financial or capital market instrument of whatsoever nature made or issued by any statutory authority or body corporate, incorporated or registered by or under any law; or any other securities, assets or such other investments as may be permissible from time to time under the SEBI Regulations.

**Sponsor**: Sponsor of Nippon India Mutual Fund i.e., Nippon Life Insurance Company ("NLI") which is mutual company incorporated and existing under the laws of Japan.
SAI : 'Statement of Additional Information' / 'SAI' means the Statement of Additional Information issued by the Fund from time to time.

Switch-in : means Purchase of Unit(s) of the Scheme / Option against Redemption of Unit(s) in another scheme of the Mutual Fund / Option.

Switch-out : means Redemption of Unit(s) of the Scheme / Option against Purchase of Unit(s) in another scheme of the Mutual Fund / Option.

Tracking Error : is defined as the standard deviation of the difference between daily returns of the index and the NAV of the Scheme.

Transaction Slip : means a form meant to be used by Unit holders seeking additional Purchase or Redemption of Units in the Scheme by the AMC.

Triparty Repo : Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.

Trustee : means the Trustee Company which holds the property of Nippon India Mutual Fund in trust and includes the directors of the Trustee Company and the successors and assigns of the Trustee Company.

Trustee Company : means Reliance Capital Trustee Co. Limited , a Company incorporated under the Companies Act, 1956 and approved by SEBI to act as Trustee of the Scheme of Nippon India Mutual Fund.

Trust Deed : The Trust Deed entered into on April 24, 1995 between the Sponsor and the Trustee, and all amendments thereof.

Unit : 'Unit' means the interest of Investor in the Scheme, which consists of each Unit representing one undivided share in the assets of the Scheme and includes any fraction of a Unit which shall represent the corresponding fraction of one undivided share in the assets of the Scheme.

Unit Capital : 'Unit Capital' means the aggregate of the face value of the Units issued under the Scheme.

Unit holder : 'Unit holder’ means a person holding Unit(s) in the Scheme offered under this SID.

Working Day/ Business Day : A working/business day means any day other than (1) Saturday (2) Sunday or (3) a day on which BSE Limited or National Stock Exchange (NSE) or any other Stock Exchange or Reserve Bank of India or Banks in Mumbai are closed or (4) a day on which there is no RBI clearing/settlement of securities or (5) a day on which the sale and/or redemption and /or switches of Units is suspended by the Trustees /AMC or (6) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or any other events as the AMC may specify from time to time. The AMC may reserve the right to change the definition of working day / business day in accordance with applicable SEBI regulations.

The AMC reserves the right to declare any day as a Business Day or otherwise at any or all DISC.

Words and Expressions used in this Scheme Information Document and not defined shall have the same meaning as in the Regulations.

Interpretation
For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise required:
1. The terms defined in this SID include the singular as well as the plural.
2. Pronouns having a masculine or feminine gender shall be deemed to include the other.
3. All references to "US$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
4. The contents of the Scheme Information Document are applicable to the Scheme covered under this Scheme Information Document, unless specified otherwise.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY
It is confirmed that:
1. This Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the Scheme Information Document are true, fair and adequate to enable the Investors to make a well informed decision regarding investment in the Scheme.
4. The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Place : Mumbai
Date : October 31, 2019

Muneesh Sud
Designation: Chief Legal & Compliance officer
II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME –
Open ended index Scheme, listed on the Exchange in the form of an Exchange Traded Fund (ETF).

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?
The investment objective of Nippon India ETF Shariah BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty50 Shariah Index by investing in Securities which are constituents of Nifty50 Shariah Index in the same proportion as in the index. Investors to note that Nippon India ETF Shariah BeES is not a Shariah compliant scheme.

There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. However, the performance of the Scheme may differ from that of the underlying index due to Tracking Error.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?
The investment policy of the Scheme shall be as per SEBI Regulations and within the following guidelines. Under normal market circumstances, the investment range would be as follows:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative asset allocation (% of total assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities covered by the Nifty50 Shariah Index</td>
<td>Minimum: 95%</td>
<td>Maximum: 100%</td>
</tr>
<tr>
<td>Cash</td>
<td>Minimum: 0%</td>
<td>Maximum: 5%</td>
</tr>
</tbody>
</table>

The above stated percentages are indicative and not absolute.

D. WHERE WILL THE SCHEME INVEST?
I. Investment in equity and equity related instruments by the Scheme
The Scheme will invest in Securities which are constituents of the Nifty50 Shariah Index. The investment restrictions and limits are specified in Schedule VII of SEBI Regulations, which are mentioned under the heading ‘Investment Restrictions’. The Scheme shall not invest in any debt or Derivative instruments.

II. Investments in Overseas Financial Assets
The Scheme will not invest in overseas financial assets, as the investment philosophy is to track its underlying index. In the event, the index service provider incorporates an overseas Security in the index, the Scheme will invest in the overseas Security to that extent.
As per the SEBI circular and applicable guidelines, the aggregate ceiling for overseas investment is US $7 billion. Within the overall limit of US $7 billion, Fund can make overseas investments subject to a maximum of US $300 million per mutual fund. The types of overseas Securities in which the Scheme can invest as per the following:
   i. ADRs / GDRs issued by Indian or foreign companies
   ii. Equity of overseas companies listed on recognized stock exchanges overseas
   iii. Initial and follow on public offerings for listing at recognized stock exchanges overseas
   iv. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (“REITs”) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).

E. WHAT ARE THE INVESTMENT STRATEGIES?
The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. Passive approach eliminates active management risks pertaining to over/underperformance vis-à-vis a benchmark.

The Scheme will invest at least 95% of its total assets in the stocks of the underlying index. Due to corporate action in companies comprising the index, the Scheme may be allocated/allotted Securities which are not part of its underlying index. Hence, the Scheme may hold up to 5% of its total assets in stocks not included in the underlying index. For example, the AMC may invest in stocks not included in the relevant underlying index in order to reflect various corporate actions (such as mergers) and other changes in the relevant underlying index (such as reconstitutions, additions, deletions and these holdings will be in anticipation and in the direction of impending changes in the underlying index).

Investment in other Schemes
The Scheme may invest in other Scheme(s) managed by the AMC or in the scheme of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, the AMC will not charge investment management fees for such investments.

Investments by the AMC, the Sponsor, the Trustee Company and/or their associates in the Scheme
Subject to the SEBI Regulations and other applicable laws, the AMC, the Sponsor, the Trustee Company and/or their associates or affiliates, may invest in the Scheme during the NFO Period and/or the Ongoing Offer Period. The percentage of such investment to the total NAV may vary from...
time to time. The AMC shall not charge any investment management and advisory fees on investment by the AMC in the Units of the Scheme in accordance with sub-regulation 17 of Regulation 25 of the SEBI Regulations.

**RISK CONTROL**

Investments made by the Scheme would be in accordance with the investment objective of the Scheme and provisions of SEBI Regulations. Since the investing requires disciplined risk management, the AMC has adequate safeguards for controlling risk in the portfolio construction process. The risk control process involves reducing risk through portfolio diversification wherever possible, taking care however not to dilute the returns in the process. It is the belief of the AMC that the diversification would help to achieve desired level of consistency in returns.

**CHANGE IN INVESTMENT PATTERN**

As the Scheme is an index scheme, the policy is passive management. However the investment pattern is indicative and may change for short duration. In the event the underlying index, as the case may be, is dissolved or is withdrawn or is not published due to any reason whatsoever, the Trustees reserve the right to modify such Scheme so as to track different and suitable index or to suspend tracking the benchmark index and appropriate intimation will be send to the Unit holders of such Scheme. In such a case, investment pattern will be modified suitably to match the composition of the Securities that are included in the new index to be tracked and such Scheme will be subject to Tracking Errors during the intervening period. It must be clearly understood that the percentage stated in the asset allocation table are only indicative and not absolute.

Rebalance for the Scheme shall also be carried out whenever there is a change in the underlying index or any change due to corporate action with respect to the constituents of the underlying index

**IMPLEMENTATION OF POLICIES**

The Scheme, in general, will hold all the Securities that comprise the underlying index in the same proportion as the index. The income received by way of Dividend shall be used for recurring expenses and Redemption requirements or shall be accumulated and invested as per the investment objective of the Scheme. There is a risk of higher Tracking Error due to the income received by way of Dividend till it is reinvested. Expectation is that, over a period of time, the Tracking Error of the Scheme relative to the performance of the underlying index will be relatively low.

The Investment Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize Tracking Error to the maximum extent possible. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying index. The investment decisions will be determined as per the benchmark index.

**INVESTMENT PROCESS**

The Scheme will endeavor to track the underlying index by investing in the constituents of the underlying index.

**RECORDING OF INVESTMENT DECISIONS**

The investment decisions are taken by a team comprising of the Chief Investment Officer and Fund Managers based on the underlying index / benchmark for Exchange Traded Funds (ETFs). The Fund Managers along with their rationale record all such investment decisions.

The Chief Executive Officer shall be responsible for compliances of all statutory requirements including SEBI Regulations and will supervise investments decisions of Fund Managers taking into consideration the overall interest of the Unitholders and assume responsibility for the day to day and overall Risk Management function of Mutual Fund.

Under him Fund Manager(s) will look after investment of the funds of the Scheme(s) in a manner to achieve the investment objective of the Scheme and in the interest of Unitholders.

The performance of the Scheme is reviewed by the Board of AMC and Trustees in their periodical meetings. The trustee will review the performance of the scheme on a periodical basis and submit a half yearly report to SEBI on various matters related to compliance and performance of the scheme. They may also compare the performance of the scheme against a benchmark index. The benchmark may be changed in future, if a benchmark better suited to the investment objective of the scheme is available, as may be decided by the AMC and the Trustee in line with SEBI (Mutual Fund) Regulations, 1996 and any change at a later date shall be recorded and reasonably justified.

**PORTFOLIO TURNOVER**

Portfolio turnover is the term used by the Fund for measuring the amount of trading that occurs in a Scheme’s portfolio during a specified period of time. The Scheme is an open ended Scheme. It is therefore expected that there would be a number of Subscriptions and Redemptions on a daily basis. There may be frequent transaction to buy and sell the Securities resulting in increase in transaction cost. At the same time frequent transactions may increase the profits and which can offset the increase in cost. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. However, the Fund Manager will endeavour to optimize the portfolio turnover to minimize risk and maximize gains while keeping in mind the cost associate with such transaction.

Portfolio turnover is defined as the lower of sales or purchases divided by the average corpus during a specified period of time.

Generally, turnover will be confined to rebalancing of portfolio on account of change in the composition and corporate actions of the underlying index.

**Portfolio Turnover Ratio of the Scheme**

Portfolio Turnover Ratio of the Scheme is 0.76 as on September 30, 2019.

**F. FUNDAMENTAL ATTRIBUTES**

Following are the fundamental attributes in accordance with Regulation 18(15)(A) of the SEBI(MF) Regulations, 1996:

(i) **Type of a scheme**

An open ended index scheme, listed on the Exchange in the form of an Exchange Traded Fund (ETF) tracking the Nifty Next 50 Index.

(ii) **Investment Objectives**

- Investment Objective - Refer to Section II - B: “WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?”
- Investment Pattern - Refer to Section II - C: “How will the Scheme allocate its assets?”
Over 14 years of experience

The Fund Manager, Mehul Dama, will manage the investments under the Scheme. His qualifications and experience are as under:

(ii) A written communication about the proposed change is sent to each Unit holder of the Scheme and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a Marathi daily newspaper with wide circulation published in Mumbai (as the head office of the Fund is situated there); and

(iii) The Unit holders of the Scheme will be given an option to exit for a period of 30 days to exit at the prevailing NAV without any Exit Load.

Fundamental attributes will not cover such actions of the board of directors of Trustee Company or AMC, made in order to conduct the business of the Trust, the Scheme or the AMC, where such business is in the nature of discharging the duties and responsibilities with which they have been charged. Nor will it include changes to the Scheme made in order to comply with changes in SEBI Regulations with which the Scheme has been required to comply.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The Trustees have adopted Nifty50 Shariah Index as the benchmark. The performance of the scheme shall be benchmarked to the Total Return (TRI) variant of the benchmark.

As per its investment objective, the investment would primarily be in Securities which are constituents of the benchmark index. Thus, the composition of the aforesaid benchmark index is such that it is most suited for comparing performance of the Scheme.

A detailed review of the Scheme and the performance of the Scheme vis-à-vis the benchmark will be placed before the board of directors of AMC and Trustee on a quarterly basis. However, the Scheme’s performance is likely to differ from the performance of the benchmark on account of the Tracking Error.

In terms of SEBI Circular No.MFD/CIR/01/071/02 dated March 26, 2002, the board of directors of the AMC and Trustees may review the benchmark selection from time to time, and make suitable changes as to use of the benchmark or select an additional or replacement benchmark, or related to composition of the benchmark, whenever it deems necessary after recording an adequate justification for carrying out such change. However, change of benchmark and/or selecting additional benchmarks would be done in compliance with the relevant guidelines of SEBI in this regard.

The Fund Manager will bring to the notice of the board of directors of the AMC, specific factors if any, which are impacting the performance of the Scheme. The board of directors of the AMC on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The Fund Manager / Chief Investment Officer will explain to the Trustees, the details on the Scheme’s performance vis-à-vis the benchmark returns.

H. WHO MANAGES THE SCHEME?

The Fund Manager, Mehul Dama, will manage the investments under the Scheme. His qualifications and experience are as under:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Educational Qualification</th>
<th>Type and Nature of past experience including assignments held during the past 10 years</th>
<th>Name of the Other Scheme managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mehul Dama</td>
<td>37</td>
<td>C.A., B.Com</td>
<td>Over 14 years of experience From November 06, 2018 onwards Fund Manager &amp; Dealer - ETF</td>
<td></td>
</tr>
<tr>
<td>Fund Manager &amp; Dealer</td>
<td></td>
<td></td>
<td>April 09, 2018 - November 05, 2018 RNAM: Dealer - ETF</td>
<td></td>
</tr>
<tr>
<td>ETF</td>
<td></td>
<td></td>
<td>November 2016 - April 08, 2018 RNAM: Lead – Finance ETF</td>
<td></td>
</tr>
<tr>
<td>(Managing the Scheme</td>
<td></td>
<td></td>
<td>August 2011 - November 2016 Goldman Sachs Asset Management (India) Private Limited, Vice President – Controllers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>September 2004 – December 2009 Lovelock &amp; Lewes – Assistant Manager</td>
<td></td>
</tr>
</tbody>
</table>

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the SEBI Regulations, the following are the investment and other limitations as presently applicable to the Scheme at the time of making investments. However, all the investments by the Scheme will be made within the investment objective, asset allocation, described earlier as well as within the investment restrictions as specified in SEBI Regulations, as amended from time to time, including Schedule VII thereof.

1. No term loans for any purpose will be advanced by the Scheme.
2. Further the inter Scheme transfer of investments shall be in accordance with the provisions contained in the section ‘Inter-Scheme transfer of investments’, contained in the Statement of Additional Information. Transfer of investments from the Scheme to another scheme in the Fund shall be allowed only if:
   a. Such transfers are done at the prevailing market price for quoted instruments on spot basis.
      Explanation: “Spot basis” shall have same meaning as specified by Stock Exchange for spot transaction.
   b. The Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
3. The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by the Scheme under the same management or in the scheme under the management of any other asset management company shall not exceed 5% of the NAV of the Fund.
4. Till the SEBI Regulations so require, the Fund shall buy and sell Securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative Securities.
5. Till the SEBI Regulations so require, the Fund shall get the Securities purchased transferred in the name of the Fund on account of the Scheme, wherever investments are intended to be of a long-term nature.
6. The Scheme will not invest in any deposits.
7. The Scheme will not borrow funds.
8. Till the SEBI Regulations so require, the Scheme shall not make any investment in:
   i. Any unlisted Security of an associate or group company of the Sponsor; or
   ii. Any Security issued by way of private placement by an associate or group company of the Sponsor; or
   iii. The listed Securities of group companies of the Sponsor, which is in excess of 25% of the net assets.
9. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related Securities.
10. The Scheme shall not make any investment in any fund of funds Scheme.
11. The Scheme, being an index scheme, will not invest in securitized debt.
12. The Scheme will comply with any other SEBI Regulations applicable to the investments of Mutual Funds from time to time.
13. The Fund under this Scheme should not own more than 10% of any company’s paid up capital carrying voting rights.
14. In order to address the risk related to portfolio concentration in ETFs and Index Funds in accordance with SEBI circular No. SEBI/HO/IMD/DF3/CIR/P/2019/011 dated January 10, 2019, it has been decided to adopt the following norms:
   a) The index shall have a minimum of 10 stocks as its constituents.
   b) For a sectoral/ thematic Index, no single stock shall have more than 35% weight in the index. For other than sectoral/ thematic indices, no single stock shall have more than 25% weight in the index.
   c) The weightage of the top three constituents of the index, cumulatively shall not be more than 65% of the Index.
   d) The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

Accordingly, the scheme seeks to replicate a particular Index hence shall ensure that the index complies with the aforesaid norms

Investments Limitations and Restrictions in Foreign Securities

As applicable, the Scheme shall comply with the investment limitations and restrictions set out for overseas investments by schemes of Indian mutual funds in SEBI’s circulars SEBI/IMD/CIR No. 7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR No.2/1222577/08 dated April 8, 2008 as amended from time to time.

The restriction on investments by the Scheme in mutual fund Units upto 5% of net assets of the Scheme and prohibition on charging of management fees for such investments shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Regulations.

Investments by the AMC, the Sponsor, the Trustee Company and /or their associates in the Scheme

Subject to the SEBI Regulations and other applicable laws, the AMC, the Sponsor, the Trustee Company and/or their associates or affiliates, may invest in the Scheme during the NFO Period and/or the Ongoing Offer Period. The percentage of such investment to the total NAV may vary from time to time. The AMC shall not charge any investment management and advisory fees on investment by the AMC in the Units of the Scheme in accordance with sub-regulation 17 of Regulation 25 of the SEBI Regulations.

All investment restrictions shall be applicable at the time of making investments. The AMC may alter these limitations/objectives from time to time to the extent the SEBI Regulations change so as to permit the Scheme to make its investments in the full spectrum of permitted investments to achieve its investment objective. The Trustees may from time to time alter these restrictions in conformity with the SEBI Regulations.

All investments of the Scheme will be made in accordance with the SEBI Regulations, including Schedule VII thereof.
J. SCHEME’S PERFORMANCE

(a) Absolute Returns

(b) Compounded Annualised Returns (%) as on September 30, 2019

<table>
<thead>
<tr>
<th>Compounded Annualised Returns</th>
<th>Nippon India ETF Shariah BeES (%)</th>
<th>Nifty50 Shariah (TRI)** (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns for the last 1 year</td>
<td>3.14</td>
<td>4.38</td>
</tr>
<tr>
<td>Returns for the last 3 years</td>
<td>8.99</td>
<td>10.36</td>
</tr>
<tr>
<td>Returns for the last 5 years</td>
<td>7.00</td>
<td>8.23</td>
</tr>
<tr>
<td>Returns since inception (inception date March 18, 2009)</td>
<td>13.95</td>
<td>15.09</td>
</tr>
</tbody>
</table>

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Returns since inception are calculated from the date of allotment i.e. March 18, 2009. Dividends (if any) are assumed to be reinvested at the prevailing NAV, wherever applicable. Distribution taxes (if any) are excluded while calculating the returns. After payment of Dividend, NAV will fall to the extent of the payout and statutory levy (if applicable).

Note: **TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks. For better understanding of investors additional details about TR index has been provided in the performance section.

(c) Illustration of impact of the Scheme expense ratio on the returns of the Scheme

An Investor invests Rs.10,000 in the Scheme at a NAV of Rs.10. There is a gain of 10% on the NAV after one year before charging any expenses to the Scheme. Hence, the value of the investment (i.e. Rs.10,000) has, after charging of any expenses, gone up to Rs.11,000 after one year and the return to the Investor before expenses is Rs.1,000. The expense ratio charged to the Scheme is 1% per annum. For sake of simplicity, after deduction of 1% expense ratio on such return*, the value of the investment of the Investor is reduced to Rs.10,900. This means that Rs.100 is deducted on the return as the expense of the Scheme and the net returns to the Investor after deducting the expense ratio of 1% is 9%. Therefore, in this illustration, the Scheme’s returns before expenses would be 10% and the Scheme’s returns post expenses would be 9%.

Below is the tabular representation of the illustration:

<table>
<thead>
<tr>
<th>Investment done by the Investor in the Scheme</th>
<th>Rs.10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% gain after 1 year</td>
<td>Rs.1,000</td>
</tr>
<tr>
<td>Value of investment after 1 Year before charging expense</td>
<td>Rs.11,000</td>
</tr>
<tr>
<td>Annual Expense Ratio charged at 1%</td>
<td>Rs.100</td>
</tr>
<tr>
<td>Value of Investment after 1 Year post charging expense</td>
<td>Rs.10,900</td>
</tr>
<tr>
<td>Returns before expenses (Rs.)</td>
<td>Rs.1,000</td>
</tr>
<tr>
<td>Returns post expenses (Rs.)</td>
<td>Rs.900</td>
</tr>
<tr>
<td>Returns before expenses (%)</td>
<td>10.00%</td>
</tr>
<tr>
<td>Returns post expenses (%)*</td>
<td>9.00%</td>
</tr>
</tbody>
</table>

(*Please note that for sake of simplicity in this illustration, the expense ratio is deducted from the gross return on the investment and not the final market value of the investment)

K. ABOUT THE INDEX

Index Service Provider

NSE Indices Limited, a 100% subsidiary of the National Stock Exchange of India Limited is an index service provider. NSE Indices Limited has
been formed with the objective of providing a variety of indices and index related services and products for the capital market. Nifty50 Shariah Index has been licensed from NSE Indices Limited. Nifty50 Shariah Index is reviewed every six months by the Index Maintenance Sub-committee of NSE Indices Limited and any changes to the constituents are announced in advance. The index values are calculated by NSE Indices Limited on daily basis and put on the web site of the National Stock Exchange of India Ltd. (www.nseindia.com).

**The details about the index are as follows:**

Investors should note that in accordance with its investment objective, Nippon India ETF Shariah BeES only invests in Securities which are represented in the Nifty50 Shariah Index. However, Nippon India ETF Shariah BeES does not represent itself to be a Shariah compliant scheme. In particular Nippon India ETF Shariah BeES has not appointed a Shariah board and currently does not follow any Shariah dividend purification process.

Therefore the following description of the Shariah process relates to the Nifty50 Shariah Index rather than the Scheme itself.

Based on the premier market bellwether for India, the Nifty50 Index, the current constituents of the index are screened for Shariah compliance. Those that are compliant form the Nifty50 Shariah Index. The resulting index performance closely tracks the performance of the parent index. The Nifty includes the largest and most liquid companies listed on the National Stock Exchange.

**Representation**

All underlying stocks are representative of the Indian equity market, while remaining highly liquid and investable. The index typically covers over 60% of the market capitalization of the parent index, though this can vary depending on the number of companies found to be compliant. Historical performance analysis, however, indicates that there is a high level of correlation between the Nifty 50 Index and Nifty50 Shariah index.

**Shariah Screening**

NSE Indices Limited has contracted with Taqwaa Advisory and Shariah Investment Solutions (TASIS) to provide the Shariah screens and filter the stocks based on these screens.

Taqwaa Advisory and Shariah Investment Solutions (TASIS) is India’s premier Shariah Advisory institution in the field of business and finance. For the last many years TASIS is at the forefront in providing Shariah consultancy, monitoring and certification to many of India’s reputed organizations, including those owned by the central and state government too.

**Shariah Screening Process**

**Business Screening:**

Activities which are not permitted under Shariah are those which involve engaging in interest-earning businesses or in those businesses which are mostly harmful to human society and disallowed by Shariah. Thus companies engaged in promoting promiscuity, violence, vulgarity and activities affecting the environment are also considered Shariah non-compliant. Hence all companies which are primarily into the following activities are screened out on the business parameter:

- Conventional financial services such as banks, insurance companies, finance and investment companies, stock broking etc.
- Production, sale and marketing of non-Halal food and beverages such as Pork, Alcohol, Tobacco and such other items etc.
- Companies involved in production or distribution of vulgar entertainment, such as film and other recreational activities where vulgarity, promiscuity is a part and parcel of the business undertaken / promoted
- Hotels and restaurants (providing non-Halal products or entertainment)
- Gambling, Narcotic drugs, etc.

**Financial Screening:**

Since interest-based transactions are prohibited by Shariah, companies passing the business screening stage are further screened to ensure that their dealings involving interest-based debt or earnings out of deployment of funds on interest are within the maximum tolerance limits set by Shariah scholars. There are certain variations in these tolerance limits based on place and time. To remain on the conservative side from a Shariah adherence perspective, TASIS has adopted financial screening norms which are more conservative than those followed by its peers and also justified by empirical studies of the Indian environment. TASIS norms are given below:

- Interest based-debt should be less than or equal to 25% of Total Assets.
- Interest income plus returns (currently considered @8%) from interest-based investments should be less than or equal to 3% of the total income.
- Receivables plus cash and bank balances should be less than or equal to 90% of Total Assets.

**Income Purification Ratio (IPR):**

For full compliance with Shariah law, investors are required to purge the pro rata portion of interest income accrued on their holding of shares in a company.

**Index Methodology:**

The Nifty50 Shariah Index is calculated using a base-weighted aggregate methodology. This means the level of an index reflects the total float-adjusted market value of all of the component stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time.

On any given day, the index value is the quotient of the total available market capitalization of its constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents’ share capital after the base date. This includes additions and
deletions to the index, rights issues, share buybacks and issuances, and spin-offs. The divisor’s time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the value at an instant immediately following that change.

Base Date:
The index has a base date of December 29, 2006 with base value of 1000.

L. INTRODUCTION TO INDEX FUNDS & EXCHANGE TRADED FUNDS

Index Fund

An index is a group of stocks that an index service provider selects as a representative of a market, market segment or specific industry sector. The index service provider calculates, maintains and disseminates the index. Most of the indices calculated are based on market capitalization (price x outstanding equity capital) of each stock and the weightage of each stock in the index is determined based on its market capitalisation. An Index Fund invests in the securities of the index in the same weightage.

The advantages of investing in an Index Fund are:

1. **Diversification:** Since index schemes replicate to a large extent the market index, they provide diversification across various sectors and segments.
2. **Low costs:** index schemes are passively managed, as a result of which costs such as those relating to management fees, trade execution, research etc. are kept relatively low.
3. **Transparency:** As indices are pre-defined, investors know the securities and proportion in which their money will be invested.

Index Funds have become a popular investment vehicle globally as they provide low cost, low risk exposure to the equity markets. The increase in popularity of Index Funds in the last few years may also have been due to the not so convincing performance of active fund managers over the years.

Exchange Traded Fund (ETF)

ETFs are innovative products that provide exposure to an index or a basket of securities or physical gold that trade on the exchange like a single stock. ETFs have a number of advantages over traditional open-ended Index Funds as they can be bought and sold on the exchange at prices that are usually close to the actual intra-day NAV of the Scheme. ETFs are an innovation to traditional mutual funds as ETFs provide Investors a fund that closely tracks the performance of an index / physical gold with the ability to buy/sell on an intra-day basis. Unlike listed close ended funds, which trade at substantial premiums or more frequently at discounts to NAV, ETFs are structured in a manner which allows to create new Units and Redeem outstanding Units directly with the fund, thereby ensuring that ETFs trade close to their actual NAVs.

ETFs are usually passively managed funds wherein subscription/redemption of units work on the concept of exchange with underlying securities. In other words, Large Investors/institutions can Purchase Units by depositing the underlying Securities with the Fund/AMC and can Redeem by receiving the underlying shares in exchange of Units. Units can also be bought and sold directly on the exchange.

ETFs have all the benefits of indexing such as diversification, low cost and transparency. As ETFs are listed on the exchange, costs of distribution are much lower and the reach is wider. These savings in cost are passed on to the Investors in the form of lower costs. Further more, exchange traded mechanism helps reduce minimal collection, disbursement and other processing charges.

The structure of ETFs is such that it protects long-term Investors from inflows and outflows of short-term Investor. This is because the Fund does not bear extra transaction cost when buying/selling due to frequent Subscriptions and Redemptions.

Tracking Error of ETFs is likely to be low as compared to a normal Index Fund. Due to the creation/redemption of units through the in-kind mechanism the fund can keep lesser funds in cash. Also, time lag between buying/selling units and the underlying shares is much lower.

ETFs are highly flexible and can be used as a tool for gaining instant exposure to the equity markets, equitising cash or for arbitraging between the cash and futures market.

Benefits of ETFs

1. Can be easily bought / sold like any other stock on the exchange through terminals spread across the country.
2. Can be bought/sold anytime during market hours at prices that are expected to be close to actual NAV of the schemes. Thus, investor invests at real-time prices as opposed to end of day prices.
3. No separate form filling for buying / selling units. It is just a phone call to your broker or a click on the net.
4. Ability to put limit orders.
5. Minimum investment for an ETF is one unit.
6. Protects long-term investors from the inflows and outflows of short-term investors.
7. Flexible as it can be used as a tool for gaining instant exposure to the respective equity/gold markets, equitising cash, hedging or for arbitraging between the cash and futures market.
8. Helps in increasing liquidity of underlying cash market.
9. Aids low cost arbitrage between futures and cash market.
10. An investor can get a consolidated view of his investments without adding too many different account statements as the Units issued would be in demat form.

Uses of ETFs

1. Investors with a long-term horizon

   Allows diversification of portfolio at one shot thereby reducing scrip specific risk at a low cost. Gold ETFs reduce risk of holding physical gold.
2. FPIs, Institutions and Mutual Funds
   Allows easy asset allocation, hedging and equitising cash at a low cost.

3. Arbitrageurs
   Low impact cost to carry out arbitrage between the cash and the futures market.

4. Investors with a shorter term horizon
   Allows liquidity due to ability to trade during the day and expected to have quotes near NAV during the course of trading day.

Risks of ETFs

1. **Absence of Prior Active Market:** Although the units of ETFs are listed on the Exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.

2. **Lack of Market Liquidity:** Trading in units of ETFs on the Exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned stock exchange or market regulator, trading in the ETF units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit filter' rules. There can be no assurance that the requirements of the concerned stock exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.

3. **Units of Exchange Traded Funds May Trade at Prices Other than NAV:** Units of ETFs may trade above or below their NAV. The NAV of units of ETFs may fluctuate with changes in the market value of a Scheme’s holdings. The trading prices of units of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that ETFs can be created / redeemed in creation units, directly with the fund, large discounts or premiums to the NAVs will not sustain due to arbitrage possibility available.

Comparison of ETFs v/s Open Ended Funds v/s Close Ended Funds:

<table>
<thead>
<tr>
<th></th>
<th>Open Ended Fund</th>
<th>Closed Ended Fund</th>
<th>Exchange Traded Fund</th>
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<tbody>
<tr>
<td><strong>Fund Size</strong></td>
<td>Flexible</td>
<td>Fixed</td>
<td>Flexible</td>
</tr>
<tr>
<td><strong>NAV</strong></td>
<td>Daily</td>
<td>Daily</td>
<td>Real time (indicative NAV)</td>
</tr>
<tr>
<td><strong>Liquidity provider</strong></td>
<td>Fund itself</td>
<td>Stock Market</td>
<td>Stock Market / Fund itself</td>
</tr>
<tr>
<td><strong>Sale price</strong></td>
<td>At NAV plus Load, if any</td>
<td>Significant premium / discount to NAV</td>
<td>Very close to actual NAV of Scheme</td>
</tr>
<tr>
<td><strong>Availability</strong></td>
<td>Fund itself</td>
<td>Through Exchange where listed</td>
<td>Through Exchange where listed / Fund itself</td>
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<tr>
<td><strong>Portfolio disclosure</strong></td>
<td>Disclosed monthly</td>
<td>Disclosed monthly</td>
<td>Daily</td>
</tr>
<tr>
<td><strong>Intra-day trading</strong></td>
<td>Not possible</td>
<td>Expensive</td>
<td>Possible at low cost</td>
</tr>
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</table>

An illustration of the working of ETF is given below:

N. HOW THE SCHEME IS DIFFERENT FROM THE EXISTING OPEN ENDED EXCHANGE TRADED FUNDS OF THE MUTUAL FUND

Nippon India ETF Bank BeES

**Asset Allocation Pattern:** Securities covered by the Nifty Bank Index - 95-100%; Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents. - 0-5% **Primary Investment Pattern:** The investment objective of Nippon India ETF Bank BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty Bank Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. **Investment Strategy:** The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall
invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. **Differentiation:** Nippon India ETF Bank BeES endeavors to track and generate returns similar to its benchmark Nifty Bank TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. **Month End AUM (Rs. Crore) as on September 30, 2019:** 67.05, **No. of Folios as on September 30, 2019:** 7,521

**Nippon India ETF Gold BeES**

**Asset Allocation Pattern:** Physical Gold or Gold related Instruments as permitted by SEBI from time to time: 95-100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents, Securitized Debts*-0-5%(* Investments in securitised debts can be made by the Scheme upto 5% of the net assets). **Primary Investment Pattern:** The investment objective of Nippon India ETF Gold BeES is to provide returns that, before expenses, closely correspond to the returns provided by Domestic price of Gold through physical gold. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. **Investment Strategy:** The AMC uses a “passive” indexing approach to track and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. **Differentiation:** Nippon India ETF Gold BeES endeavors to track and provide similar returns to its benchmark - the domestic prices of gold through investment in physical gold and money market instruments. The fund follows a passive investment strategy and endeavors to generate returns similar to its benchmark. The fund is benchmarked to physical price of gold. **Month End AUM (Rs. Crore) as on September 30, 2019:** 27.29, 17, **No. of Folios as on September 30, 2019:** 14,3693

**Nippon India ETF Nifty BeES**

**Asset Allocation Pattern:** Securities constituting Nifty 50 Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents. - 0% to 5%. **Primary Investment Pattern:** The investment objective of Nippon India ETF Nifty BeES is to provide investment returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty 50 Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. **Investment Strategy:** The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. **Differentiation:** Nippon India ETF Nifty BeES endeavors to track and provide similar returns to its benchmark - Nifty 50 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. **Month End AUM (Rs. Crore) as on September 30, 2019:** 210.82, 28, **No. of Folios as on September 30, 2019:** 43,621

**Nippon India ETF Hang Seng BeES**

**Asset Allocation Pattern:** Securities constituting Hang Seng Index - 95% to 100% Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents, mutual fund schemes/overseas exchange traded funds based on Hang Seng Index - 0% to 5%. **Primary Investment Pattern:** The investment objective of Nippon India ETF Hang Seng BeES is to provide returns that, before expenses, closely correspond to the total returns of Securities as represented by Hang Seng Index in the same proportion as in the Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. **Investment Strategy:** The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. **Differentiation:** Nippon India ETF Hang Seng BeES endeavors to track and provide similar returns to its benchmark - Hang Seng TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. **Month End AUM (Rs. Crore) as on September 30, 2019:** 7.04, **No. of Folios as on September 30, 2019:** 1036

**Nippon India ETF Infra BeES**

**Asset Allocation Pattern:** Securities covered by the Nifty Infrastructure Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents. - 0% to 5%. **Primary Investment Pattern:** The investment objective of Nippon India ETF Infra BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty Infrastructure Index by investing in the Securities in the same proportion as in the Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. **Investment Strategy:** The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. **Differentiation:** Nippon India ETF Infra BeES endeavors to track and provide similar returns to its benchmark - Nifty Infrastructure TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. **Month End AUM (Rs. Crore) as on September 30, 2019:** 12.98, **No. of Folios as on September 30, 2019:** 19,25
Nippon India ETF Junior BeES

Asset Allocation Pattern: Securities covered by Nifty Next 50 Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents - 0% to 5%. 

Primary Investment Pattern: The investment objective of Nippon India ETF Junior BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by Nifty Next 50 Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. 

Investment Strategy: The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. 

Differentiation: Nippon India ETF Junior BeES endeavors to track and provide similar returns to its benchmark- Nifty Next 50 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. 

Month End AUM (Rs. Crore) as on September 30, 2019: 1237.65, No. of Folios as on September 30, 2019: 32862

Nippon India ETF PSU Bank BeES

Asset Allocation Pattern: Securities covered by Nifty PSU Bank Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents - 0% to 5%. 

Primary Investment Pattern: The investment objective of Nippon India ETF PSU Bank BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty PSU Bank Index. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. 

Investment Strategy: The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. 

Differentiation: Nippon India ETF PSU Bank BeES endeavors to track and provide similar returns to its benchmark- Nifty Next PSU Bank TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. 

Month End AUM (Rs. Crore) as on September 30, 2019: 93.93, No. of Folios as on September 30, 2019: 2560

Nippon India ETF Shariah BeES

Asset Allocation Pattern: Securities covered by the Nifty50 Shariah Index - 95% to 100%, Cash - 0% to 5%. 

Primary Investment Pattern: The investment objective of Nippon India ETF Shariah BeES is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty50 Shariah Index by investing in Securities which are constituents of the Nifty50 Shariah Index in the same proportion as in the Index. Investors to note that Nippon India ETF Shariah BeES is not a Shariah compliant scheme. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. 

Investment Strategy: The AMC uses a “passive” or indexing approach to try and achieve the Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. 

Differentiation: Nippon India ETF Shariah BeES endeavors to track and provide similar returns to its benchmark- Nifty50 Shariah TRI by investing in its Index constitutents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. 

Month End AUM (Rs. Crore) as on September 30, 2019: 2.64, No. of Folios as on September 30, 2019: 506

Nippon India ETF Liquid BeES

Asset Allocation Pattern: Treasury bills and Government Securities, Call Money, Tri-Party Repos, Repos and Reverse Repos - 95% to 100%, Other Money Market Instruments - 0% to 5%. 

Primary Investment Pattern: The investment objective of the Scheme is to seek to provide current income, commensurate with relatively low risk while providing a high level of liquidity, primarily through a portfolio of treasury bills, Government Securities, Call Money, Tri-Party Repo / similar instruments, Repos and Reverse Repos and other Money Market Instruments. 

There can be no assurance or guarantee that the investment objective of the Scheme will be achieved. 

Investment Strategy: All investments of the Scheme would be in Government Securities, treasury bills (T Bills), Call Money, Tri-Party Repo /similar instruments, Repos and Reverse Repos and other Money Market Instruments. 

Differentiation: Nippon India ETF Liquid BeES seek to provide current income, commensurate with relatively low risk while providing a high level of liquidity, primarily through a portfolio of treasury bills, Government Securities, Call Money, Tri-Party Repo/ similar instruments, Repos and Reverse Repos and other Money Market Instruments. 

Month End AUM (Rs. Crore) as on September 30, 2019: 2222.62, No. of Folios as on September 30, 2019: 281208

CPSE ETF

Asset Allocation Pattern: Securities covered by the Nifty CPSE Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents - 0% to 5%. 

Primary Investment Pattern: The investment objective of the Scheme is to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the Nifty CPSE Index, by investing in the Securities which are constituents of the Nifty CPSE Index in the same proportion as in the index. However the performance of the Scheme may differ from that of the underlying index due to tracking error. There can be no assurance or guarantee that the investment objective of the Scheme would be achieved. 

Investment Strategy: The AMC uses a “passive” or indexing approach to try and achieve Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets they track and do not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock
or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. Differentiation: CPSE ETF endeavors to track and provide similar returns to its benchmark- Nifty CPSE TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 11269.09 No. of Folios as on September 30, 2019: 302814

Nippon India ETF Long Term Gilt

Asset Allocation Pattern: Securities constituting Nifty 8-13 yr G-Sec Index - 95% to 100%, Money Market instruments (with maturity not exceeding 91 days) - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty 8-13 yr G-Sec Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: The Scheme employs a passive investment approach designed to track the performance of Nifty 8-13 yr G-Sec Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty 8-13 yr G-Sec Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Long Term Gilt endeavors to track and provide similar returns to its benchmark- Nifty 8-13 yr G-Sec Index by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 4.52 No. of Folios as on September 30, 2019: 602

Nippon India ETF Nifty 100

Asset Allocation Pattern: Securities constituting Nifty 100 Index - 95% to 100%, Money Market instruments including Tri-Party Repo (with maturity not exceeding 91 days) - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns that, before expenses, closely correspond to the total returns of the securities as represented by the Nifty 100 Index, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: The Scheme employs a passive investment approach designed to track the performance of Nifty 100 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty 100 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in debt and money market instruments to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Nifty 100 Fund endeavors to track and provide similar returns to its benchmark- Nifty 100 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 7.01, No. of Folios as on September 30, 2019: 1129

Nippon India ETF Consumption

Asset Allocation Pattern: Securities constituting Nifty India Consumption Index - 95% to 100%, Money Market instruments including Tri-Party Repo (with maturity not exceeding 91 days) and liquid schemes of Mutual Fund - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns that, before expenses, closely correspond to the total returns of the securities as represented by the Nifty India Consumption Index, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: The Scheme employs a passive investment approach designed to track the performance of Nifty India Consumption Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty India Consumption Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments including Tri-Party Repo to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Consumption endeavors to track and provide similar returns to its benchmark- Nifty India Consumption TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 12.22, No. of Folios as on September 30, 2019: 1069

Nippon India ETF Dividend Opportunities

Asset Allocation Pattern: Securities constituting Nifty Dividend Opportunities 50 Index - 95% to 100%, Money Market instruments including Tri-Party Repo (with maturity not exceeding 91 days) and liquid schemes of Mutual Fund - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns that, before expenses, closely correspond to the total returns of the securities as represented by the Nifty Dividend Opportunities 50 Index, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: The Scheme employs a passive investment approach designed to track the performance of Nifty Dividend Opportunities 50 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty Dividend Opportunities 50 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments including Tri-Party Repo to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Dividend Opportunities endeavors to track and provide similar returns to its benchmark- Nifty Dividend Opportunities 50 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 1.96, No. of Folios as on September 30, 2019: 576

Nippon India ETF Sensex

Asset Allocation Pattern: Securities constituting S&P BSE Sensex Index - 95% to 100%, Money Market instruments including Tri-Party Repo (with maturity not exceeding 91 days) - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the S&P BSE Sensex Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment
Strategy: The Scheme employs a passive investment approach designed to track the performance of S&P BSE Sensex Index. The Scheme seeks to achieve this goal by investing in securities constituting the S&P BSE Sensex Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments (including Tri-Party Repo) to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Sensex endeavors to track and provide similar returns to its benchmark- S&P BSE Sensex TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 20.25 No. of Folios as on September 30, 2019: 163

Nippon India ETF NV20

Asset Allocation Pattern: Securities constituting Nifty 50 Value 20 Index - 95% to 100%, Money Market instruments including Tri-Party Repo (with maturity not exceeding 91 days) - 0% to 5%. Primary Investment Pattern: The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty 50 Value 20 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: The Scheme employs a passive investment approach designed to track the performance of Nifty 50 Value 20 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty 50 Value 20 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments (including Tri-Party Repo) to meet the liquidity and expense requirements. Differentiation: Nippon India ETF NV20 shall track and provide similar returns to its benchmark- Nifty 50 Value 20 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 31.41, No. of Folios as on September 30, 2019: 1650

Nippon India ETF NV20

Asset Allocation Pattern: Securities constituting Nifty Midcap 50 Index - 95% to 100%, Money Market instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents or Liquid Schemes* (*The Fund Manager may invest in Liquid Schemes of Nippon India Mutual Fund. However, the Fund Manager may invest in any other scheme of a mutual fund registered with SEBI, which invest predominantly in the money market securities.) - 0% to 5%. Primary Investment Pattern: The investment objective of Nippon India ETF Nifty Midcap 150 is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty Midcap150 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: Nippon India ETF Nifty Midcap 150 is a passively managed exchange traded fund which will employ an investment approach designed to track the performance of Nifty Midcap 150 Index. The Scheme seeks to achieve this goal by investing in securities constituting the Nifty Midcap 150 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Nifty Midcap 150 endeavors to track and provide similar returns to its benchmark- Nifty Midcap 150 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 191.94, No. of Folios as on September 30, 2019: 1186

Nippon India ETF NV20

Asset Allocation Pattern: Securities constituting S&P BSE SENSEX Next 50 Index - 95% to 100%, Money Market Instruments (with maturity not exceeding 91 days), including Tri-Party Repo, cash & cash equivalents or Liquid Schemes* (*The Fund Manager may invest in Liquid Schemes of Nippon India Mutual Fund. However, the Fund Manager may invest in any other scheme of a mutual fund registered with SEBI, which invest predominantly in the money market securities.) - 0% to 5%. Primary Investment Pattern: The investment objective of Nippon India ETF Sensex Next 50 is to provide investment returns closely corresponding to the total returns of the securities as represented by the S&P BSE SENSEX Next 50 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved. Investment Strategy: Nippon India ETF Sensex Next 50 is a passively managed exchange traded fund which will employ an investment approach designed to track the performance of S&P BSE SENSEX Next 50 Index. The Scheme seeks to achieve this goal by investing in securities constituting the S&P BSE SENSEX Next 50 Index in same proportion as in the Index. The Scheme will invest at least 95% of its total assets in the securities comprising the Underlying Index. The Scheme may also invest in money market instruments to meet the liquidity and expense requirements. Differentiation: Nippon India ETF Sensex Next 50 endeavors to track and provide similar returns to its benchmark- S&P BSE SENSEX Next 50 TRI by investing in its index constituents and money market instruments. The fund follows a passive strategy of management with endeavor to generate similar returns to its benchmark. Month End AUM (Rs. Crore) as on September 30, 2019: 12.05, No. of Folios as on September 30, 2019: 9

Risk Mitigation Factors for all the above mentioned Schemes - Applicable for all the above mentioned Schemes. Robust measures implemented to mitigate Risk include, adoption of internal policies on investments and valuations, rigorous procedures for monitoring investment restrictions and effective implementation of various norms prescribed by SEBI from time to time.
III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. NEW FUND OFFER (NFO)

This section does not apply to the Scheme covered in this SID, as the Ongoing Offer of the Scheme has commenced after the NFO and the Units are available for continuous Subscription and Redemption.

B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>The Continuous Offer for the Scheme commenced from April 1, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Price for Subscription by Investors.</td>
<td>A. Directly with the Fund</td>
</tr>
<tr>
<td></td>
<td>Units of the Scheme in less than Creation Unit cannot be Purchased directly with the Fund.</td>
</tr>
<tr>
<td></td>
<td>The Fund may from time to time change the size of the Creation Unit in order to equate it with marketable lots of the underlying instruments.</td>
</tr>
<tr>
<td></td>
<td>The number of Units of the Scheme that Investors can create in exchange of the Portfolio Deposit and Cash Component is 10,000 Units and in multiples thereof.</td>
</tr>
<tr>
<td></td>
<td>‘Creation Unit’ is fixed number of Units of each Scheme, which is exchanged for a basket of shares underlying the index called the Portfolio Deposit and a Cash Component. The facility of creating Units in Creation Unit size is available to the Authorised Participants (whose names will be available on our website <a href="http://www.nipponindiamf.com">www.nipponindiamf.com</a> / <a href="http://www.nipponindiaetf.com">www.nipponindiaetf.com</a>) and Large Investors.</td>
</tr>
<tr>
<td></td>
<td>The Portfolio Deposit and Cash Component are defined as follows: -</td>
</tr>
<tr>
<td></td>
<td>a. Portfolio Deposit: This is a pre-defined basket of Securities that represent the underlying index and will be defined and announced by the Fund on daily basis and can change from time to time</td>
</tr>
<tr>
<td></td>
<td>b. Cash Component for Creating in Creation Unit Size: The Cash Component represents the difference between the Applicable NAV of a Creation Unit and the market value of the Portfolio deposit. This difference will represent accrued Dividends, accrued annual charges including management fees and residual cash in the Scheme. In addition the Cash Component will include transaction cost as charged by the Custodian/Depository Participant, equalization of Dividend and other incidental expenses for Creating Units. In addition the Cash Component for creation will also include Entry Load, as may be levied by the Fund from time to time and statutory levies, if any. The Cash Component for creation will vary from time to time and will be decided and announced by the AMC on its website and other data providers and media at large.</td>
</tr>
</tbody>
</table>

Procedure for Subscription in Creation Unit size

The requisite Securities constituting the Portfolio Deposit of the Scheme has to be transferred to the Fund’s Depository Participant account while the Cash Component has to be paid to the Custodian/AMC. On confirmation of the same by the Custodian/AMC, the AMC will transfer the respective number of Units of the relevant Scheme into the Investor’s Depository Participant account. The AMC may create Creation Unit prior to receipt of all or a portion of the relevant Portfolio Deposit and Cash Component in certain circumstances where the Purchaser, among other things, posts collateral to secure its obligation to deliver such outstanding Portfolio Deposit and Cash Component. |

The Fund may allow cash Purchases of Units of the Scheme in Creation Unit size by Large Investors/Authorised Participants. Purchase request for Creation Unit shall be made by such Investor to the Fund/AMC where upon the Fund/AMC will arrange to buy the underlying portfolio Securities. The Portfolio Deposit and Cash Component will be exchanged for the Units of the relevant Scheme in Creation Unit size. |

Creation of Units in such Scheme will be done only after full sighting of cash / portfolio deposit in such Scheme accounts.

Disclosure of Portfolio Deposit and Cash Component

The AMC shall disclose on a daily basis the portfolio and Cash Component for creating and Redeeming Units in Creation Unit size for each Scheme. The same will be disclosed on our website i.e. www.nipponindiamf.com / www.nipponindiaetf.com, daily in the morning and would be applicable for creating and Redeeming Units in Creation Unit size for that Working Day only.

B. On the Exchange

As the Units of the Scheme are listed on NSE, an Investor can buy Units on continuous basis on the capital market segment of NSE during trading hours like any other publicly traded stock at prices which may be close to the actual NAV of the Scheme. There is no minimum investment, although Units are Purchased in round lots of 1 Unit.
### Cut-off timing for Subscriptions / Redemptions

This is the time before which your application (complete in all respects) should reach the Official Points of Acceptance

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Price for Redemption by Investors.</td>
<td>This is the price you receive for Redemption. Example: If the Applicable NAV is Rs. 10 Exit Load is 2% then the Redemption price will be: Rs. 10 * (1 - 0.02) = Rs. 9.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Portfolio Deposit and Cash Component are defined as follows:</td>
<td>-</td>
</tr>
<tr>
<td>a. Portfolio Deposit:</td>
<td>This is a pre-defined basket of Securities that represent the underlying index and will be defined and announced by the Fund on daily basis and can change from time to time</td>
</tr>
<tr>
<td>b. Cash Component for Redemption in Creation Unit Size:</td>
<td>The Cash Component represents the difference between the Applicable NAV of a Creation Unit and the market value of the Portfolio Deposit. This difference will represent accrued Dividend, accrued annual charges including management fees and residual cash in the Scheme. Any transaction cost charged by the Custodian/ Depository Participant, equalization of Dividend and other incidental expenses for Redeeming Units will also form part of Cash Component. In addition the Cash Component for Redemption will also include Exit Load, as may be levied by the Fund from time to time and statutory levies, if any. The Cash Component for Redemption will vary from time to time and will be decided and announced by the AMC on its website and other data providers and media at large.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedure for Redemption in Creation Unit size</td>
<td>The requisite number of Units of the Scheme equalling the Creation Unit has to be transferred to the Fund’s Depository Participant account and the Cash Component to be paid to the AMC/Custodian. On confirmation of the same by the AMC, the AMC will transfer the Portfolio Deposit to the Investor’s Depository Participant account and pay the Cash Component, if applicable. The AMC may Redeem Creation Unit of the Scheme prior to receipt of all or portion of the relevant Units of the Scheme in certain circumstances where the Investor, among other things, posts collateral to secure its obligation to deliver such outstanding Units of the Scheme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Fund may allow cash Redemption of the Units of the Scheme in Creation Unit size by Large Investors/ Authorized Participant. Such Investors shall make Redemption request to the Fund/AMC whereupon the Fund/ AMC will arrange to sell underlying portfolio Securities on behalf of the Investor. Accordingly, the sale proceeds of portfolio Securities, after adjusting necessary charges/costs, will be remitted to the Investor.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedure for Redemption in less than Creation Unit size</td>
<td>Unit holders / investor other than Authorised Participants/Large Investors of an directly approach Reliance AMC and no Exit Load shall be charged for Redemption of Units if -</td>
</tr>
<tr>
<td>a ) Traded price of such Scheme Units is at discount of more than 3% for continuous 30 days, or</td>
<td></td>
</tr>
<tr>
<td>b ) Discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or</td>
<td></td>
</tr>
<tr>
<td>c ) No quotes are available on Exchange for 3 consecutive trading days, or</td>
<td></td>
</tr>
<tr>
<td>d ) Total bid size on the Exchange is less than half of Creation Units Size daily, averaged over a period of 7 consecutive trading days.</td>
<td></td>
</tr>
</tbody>
</table>

In such a scenario valid applications received upto 3 p.m., Nippon India MF shall process the Redemption request basis the closing NAV of the day of receipt of application. Such instances shall be tracked by Reliance AMC on an ongoing basis and incase if any of the above mentioned scenario arises the same shall be disclosed on the website of Nippon India Mutual Fund i.e. www.nipponindiamf.com / www.nipponindiaetf.com.

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure of Portfolio Deposit and cash Component</td>
<td>The AMC shall disclose on a daily basis the portfolio and cash component for creating and Redeeming Units in Creation Unit size. The same will be disclosed on our website i.e. <a href="http://www.nipponindiamf.com">www.nipponindiamf.com</a> / <a href="http://www.nipponindiaetf.com">www.nipponindiaetf.com</a>, daily in the morning and would be applicable for creating and Redeeming Units in Creation Unit size for that Working Day only.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. On the Exchange</td>
<td>As the Units of the Scheme are listed on NSE, an Investor can sell Units on continuous basis on the capital market segment of NSE during trading hours like any other publicly traded stock at prices which may be close to the actual NAV of the Scheme. The Units are sold in round lots of 1 Unit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors / Unit holders to note that the below mentioned Cut-off time are not applicable to transactions undertaken on a recognised stock exchange and are only applicable to transactions undertaken at the Official Points of Acceptance.</td>
<td>The Cut-off time for receipt of valid application for Subscriptions and Redemptions is 3.00 p.m. However, as the Scheme is an Exchange Traded Fund, the Subscriptions and Redemptions of Units would be based on the Portfolio Deposit and Cash Component as defined by the Fund for that respective Working Day.</td>
</tr>
<tr>
<td><strong>Where can the applications for Subscription / Redemption be submitted?</strong></td>
<td>Authorised Participants / Large Investors may submit / mail the completed application forms at any of the Designated Investor Service Centers of Nippon India Mutual Fund. The addresses of the Designated Investor Service Centers are mentioned in this Scheme Information Document. Investors in cities other than where the Designated Investor Service Centers (DISC) are located, may send their application forms to any of the nearest DISC, accompanied by Demand Draft/s payable locally at the DISC.</td>
</tr>
<tr>
<td><strong>Pricing (per Unit)</strong></td>
<td>Approximately 1/10th of the Nifty50 Shariah Index</td>
</tr>
<tr>
<td><strong>Minimum Amount for Purchase / Redemption</strong></td>
<td><strong>Directly with Fund</strong>&lt;br&gt;Minimum number of Units (Creation Units) - 10,000 Units and in multiples thereof.&lt;br&gt;<strong>On the Exchange</strong>&lt;br&gt;The Units of the Scheme can be Purchased/ sold in minimum lot of 1 Unit and in multiples thereof.</td>
</tr>
<tr>
<td><strong>Minimum Switch Amount</strong></td>
<td>Will be as per the minimum application amount in the respective scheme which may have been opted by the Investor for switching the units/amount where the switch facility is available.</td>
</tr>
<tr>
<td><strong>A. Switch-in facility into applicable ETF schemes from eligible open-ended (Non-ETF) Liquid and Debt/Income Schemes.</strong></td>
<td>For availing this facility, Investors are requested to note the following operational modalities:&lt;br&gt;a. Based on number of baskets the Investor wants to switch in to the scheme, switch-out amount from Liquid or Debt/Income Fund should be calculated as follows:&lt;br&gt;(No. of Baskets opted by investor x Units creation size x Previous business day (of the Switch-out day) NAV of Switch-in scheme) + upto 7% markup.&lt;br&gt;E.g. Investor wants to purchase 2 baskets of Nippon India ETF Nifty BeES on Friday through Switch-out from eligible open-ended Liquid Scheme of NIMF. Hence Switch day would be Thursday, previous business day’s (i.e. Wednesday) NAV of Nippon India ETF Nifty BeES is Rs.1,244.84&lt;br&gt;The switch amount would be calculated as below:&lt;br&gt;[2 x 5000(unit Basket) x 1244.84] + 2% = Rs. 12,697,368.&lt;br&gt;b. Accordingly investor should provide the switch request for Rs.12,697,368 as illustrated in point “a” above (should always be in nearest rupee term in case the amount as per calculation has some fractional part).&lt;br&gt;c. Switch-In to the ETF Scheme will be in terms of number of basket specified in the application form.&lt;br&gt;d. Switch transaction will be processed at the applicable NAV of the switch-out scheme and only if the value is available in the switch-out scheme.&lt;br&gt;e. The applicability of the NAV in the ETF (transferee) Scheme will be the NAV of the business day on which the Funds are realized in Scheme’s account before the cut-off time.&lt;br&gt;f. In case the amount of portfolio deposit and cash component is less than the switch funding amount, excess amount will be refunded to investor within 5 business days of transaction. Units of the switch-in scheme shall be credited to investors demat account within 5 business days of transaction.&lt;br&gt;g. Investors to note that the pattern and sequence of holding both in the open-ended (Non-ETF) Folio and demat account (used for ETF units) should be same.</td>
</tr>
<tr>
<td><strong>B. Switch-out facility from applicable ETF schemes to eligible open-ended (Non-ETF) Equity, Liquid and Debt/Income Schemes.</strong></td>
<td>For availing this facility, investors are requested to note the following operational modalities:&lt;br&gt;a. Switch-out from the Scheme will be allowed only in terms of Basket size (unit).&lt;br&gt;b. Switch transaction will be processed subject to availability of all details as per regulatory guidelines.&lt;br&gt;c. The applicability of the NAV in the transferee Scheme will be the NAV of the business day on which the Funds are realized in Scheme’s account before cut-off time.&lt;br&gt;d. In case of any rejection in Switch-in to the transferee Scheme, the amount will be paid to the investor as redemption proceeds.&lt;br&gt;e. Investors to note that the pattern and sequence of holding both in the open-ended (Non-ETF) Folio and demat account (used for ETF unit holding) should be same. However, in case there is no existing Folio, the investor has to provide the details and signatures of all holders for Folio creation in the open-ended (Non-ETF) Scheme.&lt;br&gt;f. Investors should have the clear balance of ETF units in their demat account for execution of the Switch-out transaction from the selected ETF Scheme.</td>
</tr>
<tr>
<td><strong>Nil</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Plans / Options offered</strong></td>
<td>The Scheme offers only Growth Option. Unit holders to note that the Trustee may still declare a Dividend from time to time in accordance with the Dividend Policy set out below.</td>
</tr>
</tbody>
</table>
Dividend Policy

The Trustee may declare Dividend to the Unit holders under the Scheme subject to the availability of distributable surplus and the actual distribution of Dividends and the frequency of distribution will be entirely at the discretion of the Trustee. Such Dividend will be payable to the Unit holders whose names appear on the register of Unit holders on the record date as fixed for the Scheme. The Dividend declared will be paid net of tax deducted at source, wherever applicable, to the Unit holders within 30 days from the declaration of the Dividend.

The Scheme will follow the requirements stipulated in the listing agreement for declaration of Dividend.

There is no assurance or guarantee to the Unit holders as to the rate of Dividend distribution nor that the Dividend will be paid regularly. If the Fund declares Dividend, the NAV of the Scheme will stand reduced by the amount of Dividend and Dividend distribution tax (if applicable) paid. All the Dividend payments shall be in accordance and compliance with SEBI & NSE Regulations, as applicable from time to time.

Procedure for distribution of Dividend:

The Dividend proceeds may be paid by way of cheques, Dividend warrants / direct credit / National Electronic Funds Transfer (“NEFT”) / Real Time Gross Settlement (“RTGS”) / Electronic Clearing System (“ECS”) or any other manner to the Unit holder’s bank account as specified in the Registrar’s / Depository’s records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.

Dematerialization

i. The Units of the Scheme are available in the dematerialized (electronic) mode.
ii. The applicant under the Scheme is required to have a beneficiary account with a Depository Participant of NSDL/CDSL and are required to indicate in the application the Depository Participant’s name, Depository Participant ID Number and beneficiary account number of the applicant with the Depository Participant.
iii. The Units of the Scheme are issued/repurchased and traded compulsorily in dematerialized form.

Who can invest

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.

The following persons (subject, wherever relevant, to Purchase of Units being permitted under their respective constitution and relevant state regulations) are eligible to subscribe to Units:

(i) Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or survivor basis.
(ii) Minors through parents / lawful guardian.
(iii) Hindu Undivided Family (“HUF”) through its karta.
(iv) Partnership firms.
(v) Companies, bodies corporate, societies, association of persons, body of individuals, clubs and public sector undertakings registered in India if authorized and permitted to invest under applicable Laws and regulations.
(vi) Banks (including co-operative banks and regional rural banks), financial institutions and investment institutions incorporated in India or the Indian branches of banks incorporated outside India.
(vii) Mutual Funds registered with SEBI.
(viii) Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis.
(ix) FPIs (subject to regulations / directions prescribed by the RBI/SEBI from time to time relating to FPI investments in mutual fund schemes).
(x) Charitable or religious trusts, waqf boards or endowments and registered societies (including registered co-operative societies) and private trusts authorized to invest in Units of mutual fund schemes under their trust deeds.
(xi) Army, air force, navy, para-military funds and other eligible institutions.
(xii) Scientific and industrial research organizations.
(xiii) Multilateral funding agencies or bodies corporate incorporated outside India with the permission of GOI / RBI.
(xiv) Overseas financial organizations which have entered into an arrangement for investment in India, interalia with a mutual fund registered with SEBI and which arrangement is approved by GOI.
(xv) Provident / pension / gratuity / superannuation and such other retirement and employee benefit and other similar funds as and when permitted to invest.
(xvi) Other associations, institutions, bodies etc. authorized to invest in the Units.
(xvii) Apart from the above, all other categories of investors permitted at present and in future are eligible to invest in the Scheme.
(xviii) Insurers, insurance companies / corporations registered with the Insurance Regulatory Development Authority (subject to Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016).

All cheques and bank drafts accompanying the Application Form should contain the Application Form number on its reverse. It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/AMC may ask the Investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number. Applications without relevant details of the applicant’s depository account are liable to be rejected.
1. Returned cheques are not liable to be presented again for collection, and the accompanying Application Forms are liable to be rejected.

2. It is expressly understood that at the time of investment, the Investor / Unit holder has the express authority to invest in Units of the Scheme and the AMC / Trustees / Fund will not be responsible if such investment is ultra vires the relevant constitution. Subject to the SEBI Regulations, the AMC / Trustees may reject any application received in case the application is found to be invalid/ incomplete or for any other reason in the AMC / Trustees’ sole discretion.

3. The Trustees/ AMC may also periodically add and review the persons eligible for making application for Purchase of Units under the Scheme. If a person who is a Indian resident (i.e. ‘person resident in India’, as defined under The Foreign Exchange Management Act 1999, as amended from time to time) at the time of Subscription becomes a resident outside India subsequently, he/she shall have the option to either be paid the Redemption Price of the Units, or continue into the Scheme if he/she so desires and is otherwise eligible. The Trustees / AMC reserve the right to close the Unit holder account and to pay the Redemption Price of the Units, subsequent to the Unit holder becoming a person resident outside India, should the reasons of cost, interest of other Unit holders and any other circumstances make it desirable for the AMC / Trustees to do so, in accordance with the SEBI Regulations. The Trustees / AMC may request for any information / documentation from such Unit holders in connection with change in the residential status of the Unit holder.

4. It is compulsory for Investors / Unit holders to give certain mandatory disclosures while making applications for the Subscription of Units of the Scheme / Redemption and also follow the KYC Requirements as provided in the Statement of Additional Information / Application Form. For details please refer to the section on 'How to Apply' in Statement of Additional Information.

5. The Units of the Scheme are not ‘public Securities’ under the relevant statutes and any religious and charitable trust that seeks to invest in the Units of the Scheme will require prior approval of the appropriate authority.

6. Neither this Scheme Information Document ("SID")/ Key Information Document ("KIM")/ Statement of Additional Information ("SAI") ["Scheme Related Documents"] nor the units of the scheme(s) have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/ territorial jurisdiction in Canada. It is being clearly stated that the Scheme Related Documents and/or the units of the schemes of Nippon India Mutual Fund have been filed only with the regulator(s) having jurisdiction in the Republic of India. The distribution of these Scheme Related Documents in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of these Scheme Related Documents are required to inform themselves about, and to observe any such restrictions.

No persons receiving a copy of these Scheme Related Documents or any KIM accompanying application form jurisdiction may treat such Scheme Related Documents as an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly these Scheme Related Documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of such persons in possession of the Scheme Related Documents and any persons wishing to apply for units pursuant to these Scheme Related Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

The RNAM shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the RNAM. The investor shall be responsible for complying with all the applicable laws for such investments.

The RNAM reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the RNAM, which are not in compliance with the terms and conditions notified in this regard.

7. **Foreign Account Tax Compliance**

In accordance with the relevant provisions of the Foreign Account Tax Compliance Act (“FATCA”) as contained in the United States Hiring Incentives to Restore Employment (“HIRE”) Act, 2010, there is a likelihood of withholding tax being levied on certain income/ receipt sourced from the subjects of United States of America (“US”) with respect to the schemes, unless such schemes are FATCA compliant.

In this regard, the respective governments of India and US have signed an Inter Governmental Agreement-1 (IGA) on July 9, 2015. In the terms of this proposed IGA, Nippon India Mutual Fund (“NIMF”) and/or Reliance Nippon Life Asset Management Limited (RNAM / AMC) classified as a “Foreign Financial Institution” and in which case NIMF and/or RNAM would be required, from time to time, to (a) undertake the necessary due-diligence process; (b) identify US reportable accounts; (c) collect certain required information/ documentary evidence (“information”) with respect to the residential status of the unit holders; and (d) directly or indirectly disclose/ report/ submit such or other relevant information to the appropriate Indian authorities. Such information may include (without limitation) the unit holder’s folio detail, identity of the unit holder, details of the beneficial owners and controlling persons etc.
In this regard and in order to comply with the relevant provisions under FATCA, the unit holders would be required to fully cooperate & furnish the required information to the AMC, as and when deemed necessary by the latter in accordance with IGA and/or relevant circulars or guidelines etc, which may be issued from time to time by SEBI/ AMFI or any other relevant & appropriate authorities.

The applications which do not provide the necessary information are liable to be rejected. The applicants/unit holders/prospective investors are advised to seek independent advice from mutual fund, financial & tax consultants with respect to the possible implications of FATCA on their investments in the schemes(s).

The underlying FATCA requirements are applicable from July 1, 2014 or such other date, as may be notified. In case required, NIMF/ RNAM reserves the right to change/ modify the provisions (mentioned above) at a later date.

The AMC confirms that as on the date of this SID, the constituents of the underlying index meets the dividend criteria as laid down in the Investments - Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016, and hence investments in the Scheme can be classified as “Approved Investments” as laid down in the Investments - Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016.

The Fund / Trustees / AMC reserve the right to include / exclude new / existing categories of Investors to invest in the Scheme from time to time, subject to applicable Laws, if any.

### Rejection of the application:
Subject to the SEBI Regulations and applicable Laws, any application for Units may be accepted or rejected at the sole and absolute discretion of the Trustees / AMC. For example and without limitations, the Trustees/AMC may reject any application for the Purchase of Units if the application is received from Investor to whom the Units cannot be lawfully or validly offered or by whom the Units cannot be lawfully or validly subscribed or any other additional administrative processes required with respect to such Investors or if the application is invalid or incomplete, or if, in its opinion, increasing the size of the Scheme’s Unit Capital is not in the general interest of the Unit holders, or if the Trustees/ AMC for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.

### Further information request by the AMC/Trustees:
The AMC / Trustees may request Investors / Unit holders to provide verification of their identity or other further details as may be required in the opinion of the AMC / Trustees under applicable Laws. This may result in a delay in dealing with the applicants, Unit holders, benefits, distribution, etc.

<table>
<thead>
<tr>
<th>How to Apply</th>
<th>Please refer to the SAI and Application Form for the instructions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special products</td>
<td>The Scheme does not offer Systematic Investment Plans, Systematic Transfer Plans or Systematic Withdrawal Plans.</td>
</tr>
</tbody>
</table>
| Special Facilities | 1) **Switch-Out Facility**  
 a. Switch-out from the Scheme will be allowed only in terms of Basket size (unit).  
 b. Switch transaction will be processed subject to availability of all details as per regulatory guidelines.  
 c. The applicability of the NAV in the transferee Scheme will be the NAV of the business day on which the Funds are realized in Scheme’s account before cut-off time.  
 d. In case of any rejection in Switch-in to the transferee Scheme, the amount will be paid to the investor as redemption proceeds.  
 e. Investors to note that the pattern and sequence of holding both in the open-ended (Non-ETF) Folio and in demat account (used for ETF unit holding) should be same. However, in case there is no existing Folio, the investor has to provide the details and signatures of all holders for Folio creation in the open-ended (Non-ETF) Scheme.  
 f. Investors should have the clear balance of ETF units in their demat account for execution of the Switch-out transaction from the selected ETF Scheme.  
 2) **Official Points of Acceptance of Transaction through MF utility:**  
 MF Utilities India Private Limited (“MFUI”), a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, has extended the features of MF Utility (“MFU”) website for accepting commercial transactions in Nippon India ETF Schemes (except Nippon India ETF Liquid BeES and Nippon India ETF Gold BeES) in Creation Unit size. Accordingly, the website/mobile application of MFUI (available currently and also updated from time to time) are shall be eligible to be considered as “official points of acceptance” for all financial transactions in the schemes of NIMF ETFs (except Nippon India ETF Liquid BeES and Nippon India ETF Gold BeES) electronically with effect from August 27, 2018.

Applicability of NAV shall be based on time stamping as evidenced by confirmation data of MFUI and also the realization of funds in the Bank account of Nippon India Mutual Fund (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The Uniform Cut-off time as prescribed by SEBI and mentioned in the SID / KIM shall be applicable for applications received through such facilities. Investors are requested to note that MFUI will allot a Common Account Number (“CAN”) i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the POS. However, for NIMF ETFs the MFU will only act as a transaction aggregator and will not provide the holding details under the Folio/Can. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI as may be needed for providing the required services to investors/distributors through MFU. Investors are requested to visit the website of MFUI i.e. www.mfuindia.com to download the relevant forms.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on +91 22 6134 4316 (during the business hours on all days except Saturday, Sunday and public holidays) or send an email to clientservices@mfuindia.com.
3) Variable Systematic Transfer Plan (vSTP)

A. vSTP-in facility into all applicable ETF schemes from eligible open-ended (Non-ETF) Liquid and Debt/Income schemes:

During the on-going offer period of the scheme, vSTP-in to the designated ETF scheme shall be permitted from unit holder(s) holding units in non-demat form of eligible open-ended (Non-ETF) Liquid and Debt/Income Funds. Investors to note that the ETF units are to be held in dematerialized form only.

For availing this facility, Investors are requested to note the following operational modalities:

a. Investor will have to specify the No. of Basket to be invested in the Transferee Scheme on the pre-determined date in the vSTP registration form. Based on number of basket(s) the Investor wants to purchase in the ETF scheme, vSTP out amount from non ETF Liquid or Debt/Income Fund will be calculated (No. of Baskets opted by investor x Units creation size x Previous business day (of vSTP out date) \* NAV of transferee Scheme) + upto 7% markup.

E.g. Investor wants to purchase 2 baskets of Nippon India ETF Nifty BeES on 5th of every month through vSTP from eligible open-ended non ETF Debt Scheme of NIMF. Hence vSTP-out date would be 3rd of the month. The Net Asset Value ("NAV") of Nippon India ETF Nifty BeES on (T-3)* is assumed as Rs. 1,244.80/- per unit;

The vSTP amount will be calculated as below:

\[2 \times 5000\text{(unit Basket)} \times 1244.80 + 3\% = Rs.12,821,440.\]

*The above example is only for illustrative purpose. The fund settlement cycle may vary from scheme to scheme.

b. vSTP transaction will be processed at the applicable NAV of the vSTP-out scheme and only if the value is available in the vSTP-out (transferor) scheme.

c. In case the balance in the transferor Scheme is less than the amount derived as per the above formula in point ‘a’ the STP transaction will not be processed.

d. In case the amount of portfolio deposit and cash component is less than the vSTP funding amount, excess amount will be refunded to investor within 5 business days of transaction. Units of the vSTP-in scheme shall be credited to investors demat account within 5 business days of transaction.

B. vSTP-out facility from all the applicable ETF schemes to eligible open-ended (Non-ETF) Equity, Liquid and Debt/Income Schemes

vSTP-out from the Scheme to eligible open-ended (Non-ETF) Equity, Liquid and Debt/Income Schemes shall be permitted. For availing this facility, Investors are requested to note the following operational modalities:

a. vSTP-out from the Scheme will be allowed only in terms of Basket size (unit).

b. vSTP transaction will be processed subject to availability of all details as per regulatory guidelines.

c. The applicability of the NAV in the transferee Scheme will be as per guidelines for cut off time basis availability of Funds in Scheme’s account before the cut-off time.

d. Investors to note that the pattern and sequence of holding both in the open-ended (Non-ETF) Folio and in demat account (used for ETF units) should be same. However, in case there is no existing Folio, the investor has to provide the relevant details and signatures of all holders for Folio creation in the open-ended (Non-ETF) Scheme.

e. Investors should have the clear balance of ETF units in their demat account for execution of the STP-out transaction from the selected ETF Scheme.

Investors to note the following in case of vSTP-in & vSTP-out:

(i) The pattern and sequence of holding both in the open-ended Folio and in demat account (used for ETF units) should be same.

(ii) In case the vSTP-in/ vSTP-out date is a non-business day, the immediate next Business Day will be considered for the purpose of determining the applicability of NAV.

(iii) Investor has to submit separate mandate for each Scheme he selects for vSTP.

(iv) Minimum number of transfers required for a vSTP shall be two. In case of daily vSTP, minimum tenure of transfer is one month.

a. Daily Option – where vSTP will be executed on Daily basis.

b. Weekly Option – where vSTP will be executed on 1st, 8th, 15th and 22nd of every month.

c. Monthly Option – where vSTP will be executed on any pre-specified date of every month to be chosen by the unit holders.

(v) Investor can discontinue vSTP by providing a written notice to DISC at least 7 calendar days (excluding submission) prior to the due date of the next transfer date. In case of Daily vSTP, the cancellation will be effective from the date falling after 7 calendar days.

(vi) The amount transferred under the vSTP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at Applicable NAV, after payment of Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV in respect of each vSTP investment.

(vii) This facility is not available for units which are under any Lien/Pledged or any lock-in period. The registered vSTP will be automatically terminated if units are pledged or upon receipt of intimation of death of the unit holder.
| Account Statements | Units issued by the AMC under the scheme shall be credited to the investor’s beneficiary account with a Depository Participant (DP) of CDSL or NSDL. The AMC will credit the units to the beneficiary account of the unitholder within five business days from the date of receipt of credit of the Cash. With a view to create one record for all financial assets of every individual, SEBI vide its Circular no. Cir/IMD/DF/16/2011 dated September 8, 2011 and SEBI Circular no. CIR/MRD/DP/31/2014 dated November 12, 2014 enabled a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories. In accordance with the above, the following shall be applicable for unitholders having a Demat Account.  
- Investors having MF investments and holding securities in Demat account shall receive a Single Consolidated Account Statement from the Depository.  
- Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding. The CAS shall be generated on a monthly basis.  
- If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios depositories shall send the CAS within ten days from the month end. In case there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis.  

The Consolidated Account statement will be in accordance to SEBI circulam. SEBI/HO/IMD/DF/CIR/P/2016/89 dated September 20, 2016 and SEBI circular no. SEBI/HO/IMD/DF/CIR/P/2018/137 dated October 22, 2018. Investors are requested/encouraged to register/update their email id and mobile number of the primary holder with the AMC/RTA through our Designated Investor Service Centres (DISCs) in order to facilitate effective communication. |
| Dividend | The Dividend warrants shall be dispatched to the Unit holders within 30 days of the date of declaration of the Dividend. In the event of failure of dispatch of Dividend warrants within 30 days, the AMC shall pay an interest @ 15 per cent per annum of the relevant Dividend amount to the applicable Unit holders. |
| Redemption | For Redemption request received directly with the Fund  
The Redemption or repurchase proceeds shall be dispatched to the Unit holders within 10 Working Days from the date of Redemption or repurchase.  
**Payment of proceeds**  
The Fund will dispatch the Redemption proceeds within 10 Working Days from the date of acceptance of the Redemption request.  
1. **Resident Investors**  
   In case the Unit holder requests, Redemption proceeds will be paid by cheques, such cheques will be marked “A/c Payee only” and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar / Depository).  
The Redemption cheque will be issued in favour of the sole / first Unit holder’s registered name and bank account number, and will be mailed to the registered address of the sole / first holder as indicated in the original Application Form. The Redemption cheque will be payable at par. If the Unit holder is located outside the locations from where the cheque is payable at par, a demand draft payable at the city of his residence will be issued.  
The dispatch for the purpose of delivery through the courier / postal department, as the case may be, shall be treated as delivery to the Investor. The AMC / Registrar are not responsible for any delayed delivery or non-delivery or any consequences thereof, if the dispatch has been made correctly as stated in this paragraph.  
The Redemption proceeds may be paid by way of direct credit / NEFT / RTGS / ECS or any other manner to the Investor’s bank account specified in the Registrar’s / Depository’s records.  
Note: The Trustees, at its discretion at a later date, may choose to alter or add other modes of payment. |
2. Non-Resident Indian Investors / FPIs

Units held by NRI investors and FPIs may be Redeemed by such Unit holder by tendering Units to the AMC or for payment of maturity proceeds, subject to any procedures laid down by RBI from time to time. Provisions with respect to NRIs / FPIs stated above, is as per the AMC/Trustee’s understanding of the Laws currently prevalent in India and such Redemption proceeds will be remitted depending upon the source of investment as follows:

(a) Repatriation Basis

When Units have been Purchased through remittance in foreign exchange from abroad or by cheque / draft issued from proceeds of the Unit holder’s FCNR deposit or from funds held in the Unit holder’s Non Resident (External) Rupee account kept in India, the proceeds will be remitted to the Unit holder in Rupees for crediting to his NRE / FCNR / Non-Resident (Ordinary) account and the authorized dealer of the Unit holder will convert the payments in foreign currency.

(b) Non-Repatriation Basis

When Units have been Purchased from funds held in the Unit holder’s non-resident (ordinary) account, the proceeds will be sent to the Unit holder’s Indian address for crediting to the Unit holder’s non-resident (ordinary) account.

For FPIs, the designated branch of the authorised dealer may allow remittance of net sale / maturity proceeds (after payment of taxes) or credit the amount to the foreign currency account or non-resident Rupee account of the FPI maintained in accordance with the approval granted to it by the RBI.

For item (a) and (b) above, the AMC / Trustees / Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while the authorized dealer converts the Rupee amount in foreign exchange in the case of transactions with NRIs FPIs.

The Fund may make other arrangements for effecting payment of Redemption proceeds in the future.

Effects of Redemption

Units once Redeemed will be extinguished and will not be re-issued.

As the Units of the Scheme are in demat form, the periodic holding statement issued by the Depository Participant (indicating the new balance to the credit in the account) would be deemed to be adequate compliance with requirements of SEBI regarding dispatch of statements of account.

General Provisions

As Units may not be held by any person in breach of the SEBI Regulations, applicable Laws or requirements of any governmental, statutory authority including, without limitation, exchange control regulations, the Trustees / AMC may mandatorily Redeem all the Units of any Unit holder where the Units are held by a Unit holder in breach of the same. The Trustees / AMC may also mandatorily Redeem Units held by Unit holders which the Trustees/ AMC, in their sole opinion, suspect to be engaged in market-timing or excessive trading or unfair or suspicious practices, or if the Trustees /AMC for any other reason believe that mandatory Redemption of such Unit holders would generally be in the interest of the Scheme or its Unit holders.

In case an Investor has Purchased Units on more than 1 Working Day (either under during the NFO Period or during the Ongoing Offer Period), the Units Purchased prior in time (i.e. those Units which have been held for the longest period of time), will be Redeemed first i.e. on a first-in - first-out basis.

For further details on Redemption also refer to Statement of Additional Information.

The Trustees/ AMC may mandatorily Redeem Units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete without limitation to verifying their identity.

If a Unit holder makes a Redemption request immediately after Purchase of Units, the Fund shall have a right to withhold the Redemption request in accordance with the conditions provided in the Statement of Additional Information. However, this is only applicable if sufficient balance is not available in the Unit holders account to effect such a Redemption and the value of Redemption is such that some or all of the freshly Purchased Units may have to be Redeemed to effect such Redemption.

<table>
<thead>
<tr>
<th>Delay in payment of Redemption / repurchase proceeds</th>
<th>The AMC shall be liable to pay interest to the Unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).</th>
</tr>
</thead>
</table>

Policy on Unclaimed Redemption and Dividend Amounts

In terms of SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016, the unclaimed redemption amount and dividend amounts (the funds) may be deployed by the Mutual Fund in money market instruments and separate plan of liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts only. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned.

In its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The details of such unclaimed redemption/dividend amounts are made available to investors upon them providing proper credentials, on website of Mutual Funds and AMFI along with the information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), will be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points.

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**Rolling Settlement**

The rolling settlement on T+2 basis for all trades has commenced from April 1, 2003 onwards. The pay-in and pay-out days for funds and Securities are prescribed as per the settlement cycle. A typical settlement cycle of rolling settlement is given below:

<table>
<thead>
<tr>
<th>Day</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>The day on which the transaction is executed by a trading member</td>
</tr>
<tr>
<td>T+1</td>
<td>Confirmation of all trades including custodial trades by 11.00 a.m.</td>
</tr>
<tr>
<td>T+1</td>
<td>Processing and downloading of obligation files to brokers/Custodians by 1.30 p.m.</td>
</tr>
<tr>
<td>T+2</td>
<td>Pay-in of funds and Securities by 11.00 a.m.</td>
</tr>
<tr>
<td>T+2</td>
<td>Pay out of funds and Securities by 1.30 p.m.</td>
</tr>
</tbody>
</table>

While calculating the days from the Trading day (Day T), weekend days (i.e. Saturday and Sundays), Exchange holidays and bank holidays are not taken into consideration.

The pay-in and pay-out days for funds and Securities are prescribed as per the settlement cycle. A typical settlement cycle of rolling settlement is given below:

Presently, AMC does not intend to re-issue the Units once Redeemed. The number of Units held by the Unit holder in his demat account will stand reduced by the number of Units Redeemed.

The policy regarding reissue of repurchased Units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.

Restrictions, if any, on the right to freely retain or dispose of Units being offered.

As the Units of the Scheme will be issued in demat (electronic) form, the Units will be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.

**Right to Limit Fresh Subscription & Redemption**

In case the size of the Scheme increases to a level which in the opinion of the Trustees is not manageable, the Trustees reserve the right to stop fresh Subscription of Units and also Redeem the Units on pro-rata basis in order to reduce the size to a manageable level.

The Trustee reserves the right in its sole discretion to withdraw/suspend sale of the Scheme’s Units temporarily or indefinitely, if it is viewed that increasing the size further may prove detrimental to the existing Unit holders of the Scheme. An order to Purchase the Units is not binding on and may be rejected by the AMC until it has been confirmed in writing by the AMC and payment has been received for the same.

**Right to Limit Redemption**

The Trustee and AMC may, in the general interest of the Unit holders of the Scheme under this Scheme Information Document and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Working Day for redemption requests of more than Rs. 2 Lakhs per folio at a scheme level. In any Scheme. In line with the SEBI Circular dated May 31, 2016 the following conditions would be applicable:

a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

   i. Liquidity issues - when market at large becomes illiquid and affecting almost all securities.
ii. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.

iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).

b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

c. When restriction on redemption is imposed, the following procedure shall be applied:

i. No redemption requests upto INR 2 lakh shall be subject to such restriction.

ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

However, suspension or restriction of redemption under any scheme of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustee Company. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI immediately.

Example of Creation and Redemption of Units

As explained earlier, the Creation Unit is made up of 2 components i.e. the Portfolio Deposit and the Cash Component. The Portfolio Deposit will be determined by the Fund as per the weightages of each security in the underlying index. The value of this Portfolio Deposit will change due to change in prices during the day. The number of shares of each Security that constitute the portfolio deposit will remain constant unless there is any corporate action in the underlying index.

The constituents of the Nifty50 Shariah Index and an example of Creation Unit of Nippon India ETF Shariah BeES as on October 25, 2019 linked to Nifty50 Shariah Index is as follows:

<table>
<thead>
<tr>
<th>Security in the Underlying Basket</th>
<th>Index Weightages (%)</th>
<th>Quantity</th>
<th>Price</th>
<th>Portfolio Deposit Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIAN PAINTS LIMITED</td>
<td>6.58</td>
<td>92</td>
<td>1,790.50</td>
<td>164,726.00</td>
</tr>
<tr>
<td>BHARAT PETROLEUM CORPORATION LTD.</td>
<td>3.36</td>
<td>163</td>
<td>513.05</td>
<td>83,627.15</td>
</tr>
<tr>
<td>BRITANNIA INDUSTRIES LTD</td>
<td>3.15</td>
<td>24</td>
<td>3283.8</td>
<td>78,811.20</td>
</tr>
<tr>
<td>CIPLA LTD.</td>
<td>1.85</td>
<td>103</td>
<td>446.85</td>
<td>46,025.55</td>
</tr>
<tr>
<td>DR. REDDY’S LABORATORIES LTD.</td>
<td>2.80</td>
<td>25</td>
<td>2,825.30</td>
<td>70,632.50</td>
</tr>
<tr>
<td>GAIL (INDIA) LTD.</td>
<td>1.87</td>
<td>376</td>
<td>123.85</td>
<td>46,567.60</td>
</tr>
<tr>
<td>GRASIM INDUSTRIES LTD.</td>
<td>2.27</td>
<td>80</td>
<td>705.6</td>
<td>56,448.00</td>
</tr>
<tr>
<td>HCL TECHNOLOGIES LTD.</td>
<td>4.95</td>
<td>110</td>
<td>1,119.05</td>
<td>123,095.50</td>
</tr>
<tr>
<td>HERO MOTOCORP LTD.</td>
<td>2.85</td>
<td>26</td>
<td>2,696.00</td>
<td>70,096.00</td>
</tr>
<tr>
<td>HINDALCO INDUSTRIES LTD.</td>
<td>2.16</td>
<td>296</td>
<td>181.35</td>
<td>53,679.60</td>
</tr>
<tr>
<td>HINDUSTAN UNILEVER LTD.</td>
<td>12.43</td>
<td>145</td>
<td>2,133.35</td>
<td>309,335.75</td>
</tr>
<tr>
<td>INFOSYS TECHNOLOGIES LTD.</td>
<td>18.98</td>
<td>743</td>
<td>635.35</td>
<td>472,065.05</td>
</tr>
<tr>
<td>NESTLE INDIA LTD.</td>
<td>4.27</td>
<td>7</td>
<td>14666</td>
<td>102,662.00</td>
</tr>
<tr>
<td>OIL &amp; NATURAL GAS CORPORATION LTD.</td>
<td>3.61</td>
<td>638</td>
<td>140.7</td>
<td>89,766.60</td>
</tr>
<tr>
<td>TATA CONSULTANCY SERVICES LTD.</td>
<td>17.84</td>
<td>213</td>
<td>2082</td>
<td>443,466.00</td>
</tr>
<tr>
<td>TECH MAHINDRA LIMITED</td>
<td>3.66</td>
<td>125</td>
<td>726.35</td>
<td>90,793.75</td>
</tr>
<tr>
<td>TITAN INDUSTRIES LTD</td>
<td>4.68</td>
<td>85</td>
<td>1374.55</td>
<td>116,836.75</td>
</tr>
<tr>
<td>UNITED PHOSPHOROUS LTD</td>
<td>2.68</td>
<td>112</td>
<td>597.7</td>
<td>66,942.40</td>
</tr>
<tr>
<td>Total Basket Value On</td>
<td></td>
<td></td>
<td></td>
<td>2,485,577.4</td>
</tr>
<tr>
<td>Value of Portfolio Deposit</td>
<td></td>
<td></td>
<td></td>
<td>2,485,577</td>
</tr>
<tr>
<td>Value of Cash Component</td>
<td></td>
<td></td>
<td></td>
<td>38,048</td>
</tr>
<tr>
<td>Total Value of Creation Unit</td>
<td></td>
<td></td>
<td></td>
<td>2,523,625</td>
</tr>
</tbody>
</table>

Cash Components is arrived in following manner

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units comprising one creation unit</td>
<td>10,000</td>
</tr>
<tr>
<td>NAV per Unit (as on October 24, 2019)</td>
<td>252.36</td>
</tr>
<tr>
<td>Value of 1 Creation Unit</td>
<td>2,523,625</td>
</tr>
<tr>
<td>Value of Portfolio Deposit (pre defined basket of securities of the Underlying Basket)</td>
<td>2,485,577</td>
</tr>
<tr>
<td>Cash Component</td>
<td>38,048</td>
</tr>
</tbody>
</table>
### Net Asset Value

This is the value per Unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your Unit balance.

The Mutual Fund shall normally declare the NAV of the Scheme on every Working Day on AMFI’s website (www.amfiindia.com) by 11.00 p.m. and also on its website www.nipponindiamf.com / www.nipponindiaetf.com. Further, AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

Investors may obtain NAV information on any Working Day by calling the office of the AMC or any of the Investor Service Centres.

In case of delay beyond 11.00 p.m., the reasons for delay would be explained in writing to AMFI. If the NAVs are not available before commencement of the business hours on the following day due to any reasons, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund will be able to publish the NAV.

### Monthly Disclosures: Portfolio

This is a list of Securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in the portfolio disclosures.

Subsequently, the NAV will be calculated and disclosed at the close of every Business Day and also uploaded on the AMFI site www.amfiindia.com and Nippon India Mutual Fund site i.e. www.nipponindiamf.com / www.nipponindiaetf.com. Further, AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMC’s shall send via email both the monthly statement of scheme portfolio within 10 days from the close of each month respectively.

AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.

Refer below link for latest monthly portfolio of the Scheme:

https://www.nipponindiamf.com/investor-services/downloads/factsheets/

### Half yearly Disclosures: Portfolio

This is a list of Securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.

The fund shall disclose the scheme’s portfolio in the prescribed format as on the last day of the Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. www.nipponindiamf.com / www.nipponindiaetf.com and AMFI site www.amfiindia.com

In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMC’s shall send via email the half-yearly statement of scheme portfolio within 10 days from the close of each half-year respectively.

AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.

Nippon India Mutual Fund and Reliance Nippon Life Asset Management Limited shall publish a complete statement of the portfolio of the Scheme within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the Mutual Fund is located. The portfolio statement will also be placed on the website of the Mutual Fund www.nipponindiamf.com / www.nipponindiaetf.com and a link will be provided on www.amfiindia.com.

### Half Yearly Results

Nippon India Mutual Fund and Reliance Nippon Life Asset Management Limited shall before the expiry of one month from the close of each half year (i.e. 31st March and 30th September), host a soft copy of its unaudited financial results on the website of the Mutual Fund www.nipponindiamf.com / www.nipponindiaetf.com and a link will be provided on www.amfiindia.com. This shall be notified on the NIMF website i.e. www.nipponindiamf.com / www.nipponindiaetf.com and shall be published in an advertisement disclosing the hosting of such financial results on the Mutual Fund website in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the head office of the Fund is situated.

### Annual Report

The scheme wise annual report shall be hosted on the website of the AMC and on the website of the AMFI soon as may be possible but not later than four months from the date of closure of the relevant accounting year. The AMC shall publish an advertisement every year in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the website of the AMC.

The AMC shall email the annual report or an abridged summary thereof to the unitholders whose email addresses are registered with the Fund. The unitholders whose e-mail addresses are not registered with the Fund are requested to update / provide their email address to the Fund for updating the database. Physical copy of scheme wise annual report or abridged summary shall be provided to investors who have opted to receive the same.

AMC shall provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a unitholder.

As per regulation 56(3A) of the Regulations, copy of scheme wise Annual Report shall be also made available to unitholder on payment of nominal fees.

### Associate Transactions

Please refer to Statement of Additional Information (SAI).
**Taxation**

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

**Taxation of income earned on mutual fund units under the Income Tax Act 1961 as amended by The Finance (No.2) Act, 2019.**

**Equity Oriented Funds For FY 2019-20**

<table>
<thead>
<tr>
<th>Nature of Income ↓</th>
<th>Individual &amp; HUF</th>
<th>Other than Individual &amp; HUF</th>
<th>NRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend</td>
<td>Tax free</td>
<td>Tax free</td>
<td>Tax free</td>
</tr>
<tr>
<td>Dividend Distribution Tax on Grossed up value of Dividend</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Long Term Capital Gain 2, 3 &amp; 4</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Short Term Capital Gain 2, 3 &amp; 4</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Securities Transaction Tax (STT)**

| From April 1, 2019 onwards | 0.001% | 0.001% | 0.001% |

**Notes**

1. "equity oriented fund" has been defined to mean a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and,—

   a) In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,—

      (I) A minimum of 90% of the total proceeds of such funds is invested in the units of such other fund ; and

      (II) such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and

   b) in any other case, a minimum of 65 % of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange.

2. a) Short Term Capital Gain would mean gain on sale/redemption/repurchase of mutual fund units held for not more than 12 months

   b) Long term Capital Gain would mean gain other than Short Term Capital Gain and shall be computed without considering indexation benefit. Further, Threshold benefit of Rs. 1,00,000 available on such long term capital gain.

3. The Surcharge applicable for FY 2019-20:

<table>
<thead>
<tr>
<th>Assessee</th>
<th>If income below Rs. 0.50 crore</th>
<th>If income exceeds Rs. 0.50 crore but less than Rs. 1 crore</th>
<th>Surcharge</th>
<th>If income exceeds Rs. 1 crore but less than Rs. 2 crores</th>
<th>Surcharge</th>
<th>If income exceeds Rs. 2 crore but less than Rs. 5 crores</th>
<th>Surcharge</th>
<th>If income exceeds Rs. 5 crore but less than Rs. 10 crores</th>
<th>Surcharge</th>
<th>If income exceeds Rs. 10 crores</th>
<th>Surcharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>#Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI)</td>
<td>NIL</td>
<td>10%</td>
<td>15%</td>
<td>25%</td>
<td>37%</td>
<td>37%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operative Society, Local Authority and Partnership Firms (including LLPs)</td>
<td>NIL</td>
<td>NIL</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian Corporate</td>
<td>Nil</td>
<td>NIL</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Companies</td>
<td>Nil</td>
<td>NIL</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. #Finance (No.2)Act, 2019 increased in the surcharge rate applicable on Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI).

5. Ministry of Finance has issued a press release on August 24, 2019 stated that surcharge increased by Finance (No.2) Act, 2019 shall not be applicable for Equity and Equity Oriented mutual fund units. However, we have not given effect of the same as notification is awaited from Central Board of Direct Tax.

6. The Health and Education Cess applicable for FY 2019-20 @ 4%.

7. The tax rates will be increased by surcharge, Health & education cess as applicable.

8. Nippon India Mutual Fund is registered with SEBI and as such is eligible for benefits under Section 10 (23D) of the Income Tax Act, 1961. Accordingly its entire income is exempt from tax.

For further details on taxation please refer to the clause on Taxation in the Statement of Additional Information.
Scheme’s top 10 portfolio holdings by issuer and sector allocation as of September 30, 2019:

Top 10 Portfolio Holdings:

<table>
<thead>
<tr>
<th>No.</th>
<th>Company Name</th>
<th>Weightage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Infosys Limited</td>
<td>23.21%</td>
</tr>
<tr>
<td>2</td>
<td>Tata Consultancy Services Limited</td>
<td>17.35%</td>
</tr>
<tr>
<td>3</td>
<td>Hindustan Unilever Limited</td>
<td>11.14%</td>
</tr>
<tr>
<td>4</td>
<td>Asian Paints Limited</td>
<td>6.25%</td>
</tr>
<tr>
<td>5</td>
<td>HCL Technologies Limited</td>
<td>4.61%</td>
</tr>
<tr>
<td>6</td>
<td>Titan Company Limited</td>
<td>4.18%</td>
</tr>
<tr>
<td>7</td>
<td>Nestle India Limited</td>
<td>3.89%</td>
</tr>
<tr>
<td>8</td>
<td>Tech Mahindra Limited</td>
<td>3.47%</td>
</tr>
<tr>
<td>9</td>
<td>Oil &amp; Natural Gas Corporation Limited</td>
<td>3.26%</td>
</tr>
<tr>
<td>10</td>
<td>Bharat Petroleum Corporation Limited</td>
<td>2.97%</td>
</tr>
</tbody>
</table>

Sector Allocations:

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>48.63%</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>28.21%</td>
</tr>
<tr>
<td>Energy</td>
<td>8.18%</td>
</tr>
<tr>
<td>Pharma</td>
<td>4.27%</td>
</tr>
<tr>
<td>Automobile</td>
<td>2.76%</td>
</tr>
<tr>
<td>Fertilisers &amp; Pesticides</td>
<td>2.61%</td>
</tr>
<tr>
<td>Cement &amp; Cement Products</td>
<td>2.27%</td>
</tr>
<tr>
<td>Metals</td>
<td>2.20%</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalent:</td>
<td>0.85%</td>
</tr>
</tbody>
</table>

Refer below link for latest monthly portfolio of the Scheme:
https://www.nipponindiamf.com/investor-services/downloads/factsheets/

Aggregate Investments in the scheme by Board of Directors / Fund Managers / Other Key Managerial Persons as on September 30, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Aggregate Investments (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Nil</td>
</tr>
<tr>
<td>Fund Managers</td>
<td>Nil</td>
</tr>
<tr>
<td>Other Key Managerial Persons</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Note: Investment by Executive Director-cum-CEO is included in the aggregate investments by Other Key Managerial Persons.

D. COMPUTATION OF NAV

NAV of Units under the Scheme shall be calculated as shown below:

\[
\text{NAV (Rs.)} = \frac{\text{Market or fair value of Scheme's investments + Current assets - current liabilities and provision (including accrued expenses)}}{\text{No. of Units outstanding under Scheme on the valuation date}}
\]
Example: If the applicable NAV is Rs. 10.00, sales/entry load if any is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.

The NAV of each Scheme will be calculated up to four decimals. The NAV shall be calculated and announced at the close of each Working Day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time. The same will also be displayed on the website of the Mutual Fund (www.nipponindiamf.com / www.nipponindiaetf.com) and on the website of AMFI (www.amfiindia.com) by 11.00 p.m. on every Working Day. In case of any delay, the reasons for such delay would be explained in writing to AMFI the following day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAVs.

Please refer to the SAI for information on the valuation of the assets of the Scheme.
IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme and also about the transaction charges to be borne by the Investors.

A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationery, bank charges etc.

As per the provisions of the SEBI Regulations, read with the amendments thereto, out of the total NFO expenses of Rs. 2.34 Lacs, Rs. 1.88 Lacs was borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, marketing and selling costs etc. as given in the table below:

The AMC would update the current expense ratios on the website of the mutual fund at least three working days prior to the effective date of the change. Further Actual Expense ratio will be disclosed at the following link https://www.nipponindiamf.com/investor-services/downloads/total-expense-ratio-of-mutual-fund-schemes

Estimated Expense Structure

<table>
<thead>
<tr>
<th>Expense Head</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment management and advisory fees</td>
<td></td>
</tr>
<tr>
<td>Trustee fee</td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
</tr>
<tr>
<td>RTA Fees</td>
<td></td>
</tr>
<tr>
<td>Listing &amp; licensing fees</td>
<td></td>
</tr>
<tr>
<td>Marketing and selling expense including agent commission</td>
<td></td>
</tr>
<tr>
<td>Cost related to Investor communications</td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and Dividend / Redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td>Costs of statutory advertisements</td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
</tr>
<tr>
<td>Brokerage and transaction cost over and above 12 bps and 5 bps for cash and Derivative market trades respectively</td>
<td></td>
</tr>
<tr>
<td>Goods &amp; Service Tax on expenses other than investment and advisory fees</td>
<td></td>
</tr>
<tr>
<td>Other Expenses#</td>
<td></td>
</tr>
</tbody>
</table>

Maximum total expense ratio (TER) permissible under Regulation 52(6)(b) | Upto 1.00%

Additional expenses for gross new inflows from specified investors and cities under Regulation 52(6A)(b) | Upto 0.30%

The Scheme shall not incur any distribution expenses and no commission shall be paid by this scheme.

(# Expenses including listing fees charged under the said parameters shall be in line with the Regulation 52 of SEBI (MF) Regulations or such other basis as specified by SEBI from time to time.)

Illustration – Impact of Expense Ratio on the Returns

| Value of Rs 1 lac on 12% annual returns in 1 year, considering 1% Expense Ratio |
|----------------------------------|-------|
| Amount Invested                  | 100,000.00 |
| NAV at the time of Investment    | 10.00  |
| No of Units                      | 10,000.00 |
| Gross NAV at end of 1 year (assuming 12% annual return) | 11.20 |
| Expenses (assuming 1% Expense Ratio on average of opening and closing NAV) | 0.11 |
| Actual NAV at end of 1 year post expenses (assuming Expense Ratio as above) | 11.09 |
| Value of Investment at end of 1 year (Before Expenses) | 112,000.00 |
| Value of Investment at end of 1 year (After Expenses) | 110,940.00 |

Note: Please note that the above is an approximate illustration of the impact of expense ratio on the returns, where the Gross NAV has been simply reduced to the extent of the expenses. In reality, the actual impact would vary depending on the path of returns over the period of consideration. Expenses will be charged on daily net assets.

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience but the total expenses shall not exceed the limits permitted by SEBI. Types of expenses charged shall be as per the SEBI (MF) Regulations. The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear.
In addition to the limits specified in regulation 52(6), the following costs or expenses may be charged to the scheme as per new sub regulation 6A, namely-

(a) Brokerage and Transaction costs incurred for the execution of trades may be capitalized to the extent of 0.12 per cent of the value of trades in case of cash market transactions. Payment towards brokerage and transaction costs incurred for the execution of trades, over and above the said 0.12 per cent for cash market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any expenditure in excess of the said prescribed limit (including brokerage and transaction costs, if any) shall be borne by the AMC or by the Trustee or Sponsors.

(b) expenses not exceeding 0.30 per cent of daily net assets, if the new inflows from such specific investors and cities as specified by the Board from time to time are at least -

(i) 30 per cent of gross new inflows in the scheme, or;

(ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

The Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limits allowed by SEBI. Expenses on an ongoing basis will not exceed the percentage of the daily net assets or such maximum limits as may be specified by SEBI Regulations from time to time.

The recurring expenses incurred in excess of the limits specified by SEBI (MF) Regulations will be borne by the AMC or by the Trustee or the Sponsor.

C. TRANSACTION CHARGES

Deduction of Transaction charges for investments through Distributors / agents:

In accordance with SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011, and Circular No.Cir/IMD/DF/21/2012 dated September 13, 2012, the AMC/ Mutual Fund shall deduct transaction charges as per the following details from the Subscription amount. The amount so deducted shall be paid to the empanelled Distributor / agent of the Investor (in case the empanelled AMFI registered Distributor / agent has “opted in” to receive the transaction charge for this type of product) and the balance shall be invested in the Scheme.

(i) First Time Investor Across Mutual Funds

Transaction charge of Rs 150/- per Subscription of Rs 10,000/- and above will be deducted from the Subscription amount and paid to the Distributor / agent of the first time Investor and the balance shall be invested. For eg: If the Investor invests Rs 10,000 in the Scheme, then Rs 150/- would be paid to the Distributor and only Rs 9,850/- will be invested in the Scheme.

(ii) Existing Investor Across Mutual Funds

Transaction charge of Rs 100/- per Subscription of Rs 10,000/- and above will be deducted from the Subscription amount and paid to the Distributor / agent of the Investor and the balance shall be invested. For eg: If the Investor invests Rs 10,000 in the Scheme, then Rs 100/- would be paid to the Distributor and only Rs 9,900/- will be invested in the Scheme.

However, transaction charges in case of investments through SIP shall be deducted only if the total commitment (i.e. the amount per SIP installment x No. of installments) amounts to Rs 10,000/- or more. The transaction charges shall be deducted after the 1st installment in 4 equal installments.

(iii) Transaction charges shall not be deducted for:

(a) The amount per purchases /subscriptions is less than Rs. 10,000/-;

(b) The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch/STP/ DTP, etc.

(c) Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/agent).
(d) Subscription made through Exchange Platform irrespective of investment amount.

D. LOAD STRUCTURE

Load amounts are variable and are subject to change from time to time and the Investor is requested to check the prevailing Load structure of the Scheme before investing.

For the current applicable structure, please refer to the website of the Mutual Fund, www.nipponindiamf.com / www.nipponindiaetf.com or call Customer Service Centre at 1860-266-0111 (charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable) or your distributor.

Entry Load (for Subscription): Nil

Exit Load (for Redemption): Nil

There is no Entry Load / Exit Load for Subscription / Redemption of the Units of the Scheme in Creation Unit Size. However, during the process of creation / Redemption there will be transaction costs, other incidental expenses and equalization of Dividend and this will form part of the Cash Component. Further, there is no Entry / Exit Load on Units of the Scheme bought or sold through the secondary market, i.e. on the NSE and BSE. However, an Investor would be paying cost in the form of a bid and ask spread and brokerage, as charged by his broker for buying / selling Units of the Scheme, any other statutory charges which may be applicable from time to time.

Any change in the Load structure shall apply on a prospective basis and in no case the same would affect the existing Investors adversely. The Investor is requested to check the prevailing Load structure of the Scheme before investing. For any change in Load structure, AMC will issue the notice and display it on the AMC Website / Investor Service Centres.

The Mutual Fund may charge Load within the stipulated limit of 7% and without any discrimination in favor of any specific group of Unit holders. The AMC will ensure that the Redemption Price will not be lower than 93% of the NAV and difference between the Redemption Price and Purchase Price will not exceed 7% calculated on the Purchase Price.

No entry or exit load will be levied on transactions with Authorized Participants and Large Investors during NFO or continuous offer.

Investor other than APs/Large investors can directly approach AMC and no exit load shall be charged for redemption of units if

a) Traded price of the ETF units is at discount of more than 3% to the NAV for continuous 30 days, or
b) Discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or
c) No quotes are available on exchange for 3 consecutive trading days, or
d) Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.

In such a scenario valid applications received upto 3 p.m. the Mutual Fund shall process the redemption request basis the closing NAV of the day of receipt of application.

Such instances shall be tracked by RNAM on an ongoing basis and incase if any of the above mentioned scenario arises the same shall be disclosed on the website of Nippon India Mutual Fund i.e. www.relianceetfl.com

Please note that the AMC reserves the right to modify or alter the Load structure of the Scheme subject to maximum limits prescribed under the SEBI Regulations.

In the event of a change of Load structure, the AMC will take following steps:

i. The addendum detailing the changes shall be attached to SID and KIM. The addendum will be circulated to all the distributors so that the same can be attached to all SID and KIM already in stock.
ii. Arrangements shall be made to display the changes/modifications in the SID in the form of a notice in all Investor Service Centres and distributors/brokers offices.
iii. The introduction of the Exit Load along with the details shall be stamped in the acknowledgement slip issued to the Investors on submission of the Application Form and may also be disclosed in the statement of accounts issued after the introduction of such Load.
iv. A public notice may be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the head office of the Fund is situated.
v. The Fund shall display the addendum on its website (www.relianceetfl.com).

E. WAIvER OF LOAd FOR dIRECT AppLICATIOnS

As per SEBI Regulations, no Entry Load shall be charged for existing/prospective Investors of the Scheme.
VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

NIL

2. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

During last three years, there have been no monetary penalties imposed and/ or action by any financial regulatory body or governmental authority, against Sponsor(s), AMC, Board of Trustees, Trustee Company; for any irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. However, in respect of the consent terms filed by Reliance Nippon Life Asset Management Limited –Portfolio Management Services (RNAM-PMS) with SEBI with respect to an inspection report, SEBI has issued a settlement order (Order no. CA/EFD/87/JAN/2016 dated January 14, 2016), in terms of which the underlying proceedings have been disposed off.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/ adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

There was no enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/ adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party.

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

In terms of the SEBI [Mutual Fund] Regulations, 1996 (as amended from time to time), the mutual fund schemes are permitted to invest in securitized debt. Accordingly, investments in certain Pass Through Certificates (“PTC’s”) of a securitization trust (“the Trust”) were made through some of schemes of Nippon India Mutual Fund (“the Fund”). The returns filed by few of these securitisation Trusts whose PTCs were held by the Fund were taken up for scrutiny by the Income Tax Authorities which raised demand initially on the Trusts. However, on failure to recover, the Income Tax Authorities sent the demand notices to the Fund for Assessment Years 2009-10 and 2010-11. The Fund in consultation with its tax & legal advisors has contested the applicability of such demand and proceedings there on are still pending. It may be noted that this is a matter, which is not restricted only to the Fund but is an Industry issue. Accordingly, through the Association of Mutual Funds in India (AMFI), the matter has also been appropriately escalated to the Ministry of Finance, in order to seek necessary clarifications, reliefs and if required, to carry out necessary amendments to the relevant provisions of the Income Tax Act, 1961. In addition to the above the AMC is party to certain litigations in various courts, commissions etc. which are in ordinary course of business & have no material impact.

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

There was no deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency.

This scheme was approved by the Trustees by a resolution by circulation dated February 19, 2008. This version of SID has been updated in line with the current Laws and SEBI Regulations.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and behalf of the Board of Directors of
RELIANCE NIPON LIFE ASSET MANAGEMENT LIMITED
[Asset Management Company for Nippon India Mutual Fund]
Sd/-

Mumbai
October 31, 2019

Executive Director & Chief Executive Officer

(Sundeep Sikka)